

**IN THE HIGH COURT OF JUSTICE**  
**CHANCERY DIVISION**

Rolls Building  
Fetter Lane, London EC4A 1NL

Date: 20 January 2016

**Before :**

**THE HON MR JUSTICE ARNOLD**

**Between :**

**THE LONDON TAXI CORPORATION LIMITED**  
**trading as THE LONDON TAXI COMPANY**

**Claimant**

**- and -**

**(1) FRAZER-NASH RESEARCH LIMITED**  
**(2) ECOTIVE LIMITED**

**Defendants**

**Douglas Campbell** (instructed by **Browne Jacobson LLP**) for the **Claimant**  
**Mark Platts-Mills QC** and **Philip Roberts** (instructed by **Berwin Leighton Paisner LLP**) for  
the **Defendants**

Hearing dates: 17-20, 23 November 2015

**Judgment**

**MR JUSTICE ARNOLD :**

**Contents**

<i>Topic</i>	<i>Paragraphs</i>
Introduction	1-5
The Fairway, TX1, TXII and TX4	6-9
The Trade Marks	10-12
The new Metrocab	13-14
The witnesses	15-26
LTC's witnesses	15-21
The Defendants' witnesses	22-26
General factual background	27-75
Terminology	28-30
A brief history of London taxis	31-57
Factors affecting drivers' choices of taxi models	58-59
Legal and regulatory requirements for London taxis	60-64
The attitude of the PCO, TfL and Mayor of London to the design of London taxis	65-68
The Mayor of London's Air Quality Strategy	69-71

Private hire vehicles	72-75
LTC's conventional trade marks	76-77
Reception of the Vito by drivers and passengers	78-81
The design of the new Metrocab	82-140
Promotion of the new Metrocab	141-143
Trial of the new Metrocab	144-145
Production of the new Metrocab	146
Do the Defendants intend to deceive the Public?	147-148
Potential collaboration between LTI and FNR in 2005	149
The design of the TX5	150-154
The incident involving Mr Zeghibe	155
Key legislative provisions	156-158
The average consumer	159-163
The law	159
The average consumer in the present case	160-163
Validity of the Trade Marks: distinctive character	164-208
Inherent distinctive character	165-172
The relevant date	173
Assessment: the CTM	174
Assessment: the UKTM	175
Acquired distinctive character	176-195
The law	176-178
The relevant date	179
Assessment	180-181
The market share held by goods bearing the mark	182
How intense, geographically widespread and longstanding the use of the mark has been	183
The amount invested by the proprietor in promoting the mark	184-187
Evidence from trade and professional associations	188
Opinion polls	189
The proportion of the relevant class of persons who, because of the mark, identify the goods or services as emanating from the proprietor	190
Overall	191
LTC's case with respect to consumers of taxi services	192-194
Conclusion	195
Validity of the Trade Marks: substantial value	196-215
The law	197-209
The relevant date	210
Assessment	211
The UKTM	212-214
The CTM	215
Revocation of the CTM	216-239
Use of the CTM itself	217
The law with respect to genuine use	217-219
The law with respect to sales of used (i.e second-hand) goods	220-226
The law with respect to genuine use in the Community	227-230

LTC's evidence of use	231
Assessment	232-234
Use of the CTM in a form differing in elements which do not alter its distinctive character	236
The law	236
Assessment	237-238
Conclusion	239
Conversion of the CTM	240
Relevant date for assessment of the issues on infringement of the Trade Marks	241
Approach to the issues on infringement	242
Infringement of the Trade Marks under Article 9(1)(b)/ Article 5(1)(b)	243-262
The law	243-245
Assessment	246
The average consumer	247-248
The distinctive character of the Trade Marks	249
Comparison of goods	250
Comparison of signs	251-259
Has there been actual confusion?	260-261
Overall assessment	262
Infringement of the Trade Marks under Article 9(1)(c)/Article 5(2)	263-269
The law	263
Assessment	264
Reputation of the Trade Marks	264
Link	265
Detriment to the distinctive character of the Trade Marks	266
Unfair advantage	267
Due cause	228
Conclusion	269
Defence under Article 12(b)/Article 6(1)(b)	270-283
Characteristics	271
Honest practices in industrial and commercial matters	272-293
Whether the defendant knew of the existence of the trade mark	273
Whether the defendant used the sign complained of in reliance on competent legal advice	274
The nature of the use complained of	275
Whether the defendant knew that the trade mark owner objected to the use of the sign complained of	276
Whether the defendant knew, or should have appreciated, that there was a likelihood of confusion	277
Whether there has been actual confusion, and if so whether the defendant knew this	278
Whether the trade mark has a reputation, and if so whether the defendant knew this	279
Whether the defendant's use of the sign complained of interferes with the owner's ability to exploit the trade mark	280
Whether the defendant has a sufficient	281

justification for using the sign complained of	
The timing of the complaint from the trade	282
mark owner	
Conclusion	283
Passing off	284-298
The law	284-303
Assessment	291-298
Goodwill	292-295
Misrepresentation	296
Damage	297
Conclusion	298
Summary of principal conclusions	299

## Introduction

1. This is a claim for trade mark infringement and passing off. The Claimant (“LTC”) is the successor in title to the manufacturer of the Fairway, TX1, TXII and TX4 models of London taxi. The Defendants are the successors in title to the manufacturer of the Beardmore, Oxford and Metrocab models of London taxi. LTC owns trade mark registrations for the shapes of the Fairway and of the TX1/TXII respectively (“the Trade Marks”) and claims goodwill in the shapes of all four models. It alleges that the Defendants threaten to infringe the Trade Marks and to commit passing off by marketing a new model of London taxi referred to as the new Metrocab which is currently being trialled. (Strictly speaking, it is the Second Defendant (“Ecotive”) which threatens to do this, while the First Defendant (“FNR”) will supply parts for the new Metrocab, and in particular the powertrain; but nothing turns on this.)
2. LTC’s complaint concerns the shape of the Defendants’ taxi, which it contends has been substantially copied from the shape of the TX4, yet it advances no claim for infringement of any registered design, design right or copyright. Furthermore, LTC alleges that the Defendants intend to deceive the public as to the origin of the new Metrocab by adopting a shape which closely resembles that of LTC’s models, which is an allegation of fraud. Unsurprisingly, these allegations have increased the temperature, as well as the duration and expense, of the dispute.
3. LTC claims infringement of the Trade Marks on three alternative bases as well as passing off. The Defendants deny trade mark infringement and passing off. Furthermore, they contend that the Trade Marks are invalidly registered because they lack distinctive character and add substantial value to the goods. In the alternative the Defendants contend that the CTM should be revoked for non-use. LTC relies upon acquired distinctive character and disputes the allegation of non-use on two different bases. As a result, a considerable number of issues have been raised for decision.
4. Although counsel for LTC addressed passing off first in his submissions, I have found it more convenient in this judgment to consider the issues in the conventional order, which involves dealing with the trade mark issues first.
5. I had the advantage of being able to inspect examples of the Fairway, TX1, TXII, TX4 and new Metrocab side by side during the trial. This assisted me to understand some of the evidence, but I have borne in mind that, as explained below, the side-by-

side comparison is not the one that matters for the purposes of trade mark infringement or passing off.

The Fairway, TX1, TXII and TX4

6. The Fairway is shown below:



7. The TX1 is shown below:

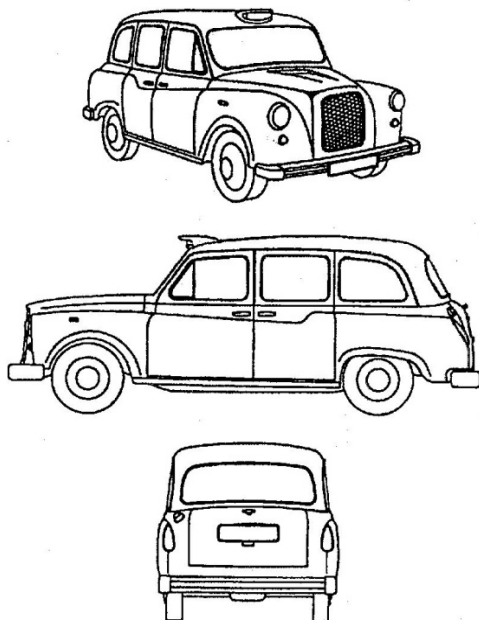


8. The exterior appearance of the TXII was essentially the same as that of the TXI.
9. The TX4 is shown below:

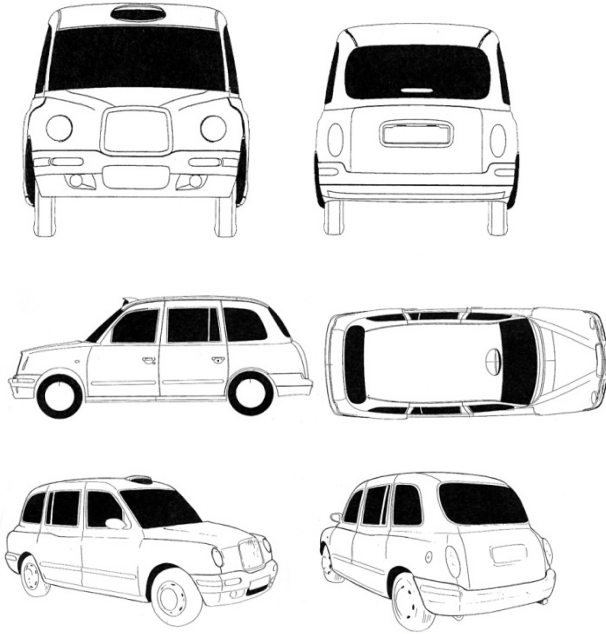


The Trade Marks

10. LTC is the registered proprietor of Community Trade Mark No. 951871 registered as of 5 October 1998 in respect of “motor vehicles, accessories for motor vehicles; parts and fittings for the aforesaid” in Class 12 (“the CTM”). The specification of the CTM also extends to goods in Classes 6, 16, 18, 21 and 28, but they are not in issue. The CTM is a three-dimensional trade mark represented as follows:



11. LTC is also the registered proprietor of United Kingdom Trade Mark No. 2440659 registered as of 1 December 2006 in respect of “cars; cars, all being taxis” in Class 12 (“the UKTM”). The UKTM is a three-dimensional trade mark represented as follows:



12. The same six representations also form the subject-matter of LTC's UK Registered Design No. 2069313, which is not relied upon by LTC in these proceedings.

The new Metrocab

13. The new Metrocab is shown below:



14. The new Metrocab is shown next to a TX4 below:



The witnesses

*LTC's witnesses*

15. LTC adduced evidence from 12 witnesses, who can be grouped into four categories, as follows.
16. First, LTC internal witnesses:
- i) Peter Johansen is the Chief Executive Officer of LTC, but has only been involved in the business since 2012. He was LTC's principal witness in support of the claim to goodwill in the shape of the LTC taxis, which he did primarily by exhibiting a wide range of documentary evidence. He also gave evidence as to the use of the CTM based on LTC's records.
  - ii) Paul Woolley is the Chief Operations Officer of LTC, having previously worked for LTI (as to which, see below) since 2001. He gave evidence about the design of the Fairway, TX1, TXII and TX4. He also gave evidence about a potential collaboration between LTI and FNR in 2005 and about the design process in the automotive industry.
  - iii) David Ancona is Design Director and General Manager of Geely Design Barcelona SLU ("Geely Barcelona"), which is part of the same group of companies as LTC. He has over 30 years' experience of automotive design. He gave evidence about the design of the TX5 (as to which, see below) and about the distinctiveness of the LTC cabs. He also commented on the Defendants' case of independent design of the new Metrocab (this evidence was evidence in the nature of expert evidence, although no permission for such evidence had been granted, but no objection to it was made on this ground).
  - iv) Nigel Walters is the Export Logistics Manager of LTC, having been employed by LTI since 2000. He gave evidence about the promotion of the TX1, TXII and TX4 at European trade fairs. He was not required to attend for cross-examination.



- v) Andrew Overton is the grandson of Tom Overton, who founded Mann and Overton (as to which, see below) with John Mann in 1899. Andrew Overton spent almost his entire career from 1970 to 2011 working successively for Mann and Overton, the LTI division of Manganese Bronze and LTI. He gave evidence about the history of Mann and Overton, Manganese Bronze and LTI during that period and about the design of the Fairway, TX1, TXII and TX4.
17. Secondly, a number of taxi drivers: David Forster, Bryan Hodson, Kevin Jackson and Leonard Jenkins. They gave evidence about their experiences of driving various models of London taxis. Mr Hodson was not available until after the evidence had been completed, and so his evidence was admitted as hearsay evidence.
18. Thirdly, two owners of cab fleets: Christopher Morris (owner of Chris Morris Taxis Ltd, which owns 54 taxis that are rented out to self-employed drivers) and Eugene Parete (owner of Black Taxi Rental Ltd, which owns just over 160 taxis that again are rented out). They gave evidence about their experiences of the various models.
19. Fourthly, Ronald Zeghibe is the co-founder and Executive Chairman of Hailo Network Ltd, which operates the Hailo app. He gave evidence that he had mistaken the new Metrocab (driven by Mr Butler, as to whom see below) for the not-yet-launched TX5.
20. With the exception of Mr Zeghibe, no criticism was made by counsel for the Defendants of these witnesses, although he pointed out (correctly) that witnesses on both sides had given evidence on questions which were matters for the court. Counsel submitted that Mr Zeghibe was “not a particularly satisfactory witness”. I do not accept this. Mr Zeghibe was cross-examined in a somewhat hostile manner, and reacted accordingly. I accept his evidence so far as it goes.
21. More importantly, counsel for the Defendants pointed out that LTC had adduced no evidence as to how the taxi drivers and cab fleet owners had been found and selected to give evidence. In my judgment this is a valid criticism, but having regard to the evidence as a whole I do not consider that it would be appropriate to discount the evidence of these witnesses.

*The Defendants’ witnesses*

22. The Defendants called five witnesses, who can be grouped into three categories, as follows.
23. First, the Defendants’ internal witnesses:
- i) Kamal Siddiqi is the Chairman of both FNR and Ecotive as well as other companies within the Frazer-Nash group. Mr Siddiqi is the sole owner of Kamcorp Ltd, which wholly owns FNR, and the majority shareholder in Ecotive. He gave evidence about the history of Metrocab and about the development of the new Metrocab.
- ii) William Chia is employed by FNR as Group Director of Operations for the Frazer-Nash group, a role he has held since 2001. He gave evidence about the history of the London taxi (largely derived from a wide range of documents he

exhibited) and the current state of the market. He also gave evidence about the development of the new Metrocab and evidence in support of various other aspects of the Defendants' case.

24. Secondly, Fulvio Fantolino, who is Chairman of F&F Design Studio ("F&F"), a design agency based in Turin, Italy which he founded in 1997. Mr Fantolino was primarily responsible for the design of the body of the new Metrocab. He gave evidence about the design process. He did so with the assistance of an interpreter to translate the questions, although he was able to answer mostly in English.
25. Thirdly, two taxi drivers, namely John Butler and Preston Morris. They gave evidence about their experiences of driving various models of London taxis, and in particular the new Metrocab. In addition, Mr Butler gave evidence about his encounter with Mr Zeghibe.
26. Counsel for LTC made no criticism of Mr Butler and Mr Morris, but he submitted that Messrs Siddiqi, Chia and Fantolino, and in particular Messrs Siddiqi and Fantolino, had not been truthful about the design process for the new Metrocab. I do not accept this, but I do consider that all three were somewhat unsatisfactory witnesses on this topic. In the case of Mr Siddiqi, it was clear from his evidence that he was a busy man who had his eye on the big picture and was not concerned with details. Understandably in those circumstances, he had little detailed recollection of the relevant events; yet he had signed three witness statements, two of which were long and detailed, purporting to give a comprehensive account of the process. In the case of Mr Fantolino, his oral evidence was somewhat at variance with his witness statements. In the case of Mr Chia, he was overly concerned to ensure that his answers did not damage the Defendants' case. Furthermore, it seemed to me that all three witnesses were reluctant to admit the full extent to which reference had been made to the TX4 during the early stages of the design process. Nevertheless, for the reasons explained below, I do not consider that this has the significance that LTC attributes to it.

#### General factual background

27. It is convenient to set out the uncontroversial general factual background before turning to the areas of dispute.

#### *Terminology*

28. The official, now very outdated, term for a taxi is a "hackney carriage", also known as a "hackney cab". The term derives from "hackney coach", which in turn derives from "hackney", which meant a horse of medium size and quality, used for ordinary riding and frequently kept for hire. The word taxi is a shortened version of "taxi-cab", which appears to be falling into disuse, and derives from "taximeter". The word "cab" derives from "cabriolet", which originally described the construction of the Hansom cab. "Cab" is frequently used as a synonym for "taxi".
29. As explained in more detail below, in London hackney carriages have to be licensed. Thus a London taxi may be more fully described as licensed London hackney carriage. More familiarly, they are often referred to as "black cabs", although nowadays only about 85-90% of London taxis are black.

30. It is important to distinguish between London taxis, i.e. licensed London hackney carriages, and private hire vehicles, also known as “minicabs”. I shall return to this distinction below.

*A brief history of London taxis*

31. The origins of the London taxi date back as far as 1621, when the first documented hackney coach operated in London. Regulation began with a proclamation issued by Charles I in 1636, which was followed by an Ordinance for the Regulation of Hackney-Coachmen in London approved by Parliament in 1654. In the nineteenth century, there were two main kinds of hackney carriage, the four-wheel, two-horse growler and the two-wheel one-horse Hansom cab (patented in 1834).
32. In August 1897 the London Electrical Cab Co Ltd launched an electric cab which was nicknamed the Bersey after its designer. The Bersey did not prosper, and the cabs were removed from service in 1899. In May 1905 the London Motor Cab Co launched the first petrol-engine powered cab, known as the Rational. This was followed by a number of other models.
33. In 1906 the Metropolitan Police’s Public Carriage Office (“PCO”) issued the Metropolitan Police Regulations for the Construction and Licensing of Hackney (Motor) Carriages, known as the “Conditions of Fitness”. Among other things, these specified a 25 foot turning circle. This meant that licensed London taxis would be able to manoeuvre more easily within the capital’s often narrow streets, but was a significant inhibiting factor as to the types of vehicles which could enter the market. As a result of this and other requirements in the Conditions of Fitness, most models of vehicle which have been licensed for use as London taxis since then have been specially designed for the purpose rather than ordinary cars.
34. In March 1907 the General Motor Cab Co Ltd started a taxi service using Renault vehicles. By the end of the year there were 500 Renaults out of 723 motor cabs. By the end of 1908 there were 2,805 cabs of 18 different makes, many of them French. In 1909 W & G Du Cros Ltd launched a taxi service using British Napier vehicles, over 1,500 of which were subsequently produced. In 1910 Mann and Overton Ltd introduced a new French Unic model which had been specially commissioned and designed to meet the Conditions of Fitness. By the outbreak of World War I, there were nearly 8,000 motor cabs and just 231 Hansom cabs.
35. Production of the Napier stopped in May 1915. In 1919 Beardmore Motors Ltd, which was co-founded by Francis Luther of W & G Du Cros, produced its first cab. In 1920 Unic resumed production of its cab, and in 1923 Citroën cabs started to be imported. By 1924 there were 1,437 Beardmore cabs licensed and 1,307 Unic cabs. In 1925 Beardmore launched its Mk II or Super and in 1926 the MK III or Hyper. In 1928 Morris Commercial Cars Ltd launched the G-Type, 1,700 of which had been made by 1932.
36. In 1930 Mann and Overton started selling cabs with Heavy 12/4 chassis made by Austin Motor Co Ltd and bodies from a variety of sources. This was the start of a long collaboration between Mann and Overton and Austin. From then until World War II, the trade was largely dominated by Austin and Beardmore, although some other makes were sold. In 1934 Beardmore introduced the Mk IV or Paramount and Austin

introduced the LL, known as the Low Loader. In Beardmore launched 1935 the Mk V or Paramount Ace and in 1936 the Mk VI or Ace.

37. In 1947 Morris Motors Ltd trading as the Nuffield Organization launched its Oxford model of taxi, followed by the Oxford Series II in 1950 and the Oxford Series III in 1951. From 1949 the Oxford was sold by Beardmore. In 1952 Morris merged with Austin to form British Motor Corp Ltd. By 1953 1,925 Oxfords had been produced. The Oxford is shown below:



38. Also in 1947, Mann and Overton introduced the Austin FX2 with a body built by Carbodies Ltd (its predecessor the FX was never sold). In 1948 Mann and Overton launched the Austin FX3, again with a Carbodies body, which was very successful: 13,735 had been produced by 1958. This marked the start of Mann and Overton/Austin/Carbodies' complete dominance of the London taxi market. In 1952 Birch Brothers Ltd started converting FX3 cabs to a diesel engine, which prompted Austin to introduce a diesel-engined version in 1954. Subsequently a four-door version called the FL1 was introduced, when the requirement for an open luggage platform was dropped by the PCO. The FX3 is shown below:



39. Both the Oxford and the FX3 were supplied in black as the standard colour, and few buyers were prepared to pay extra for a special colour. As a result, most London taxis came to be black until the advent of coloured taxis and taxis painted with advertising in the 1980s.
40. In 1955 Beardmore introduced the Mk VII, 656 of which were produced. In 1964 Beardmore introduced a four-door version. In 1965 Beardmore was acquired by Metro-Cammell-Weyman (“MCW”). The last Beardmore Mk VII was produced in 1966 and sold in January 1967. A Beardmore Mk VII with four doors is shown below:



41. In 1958 Mann and Overton introduced the Austin FX4, again with a body by Carbodies. This was hugely successful, and continued in production (including later versions such as the MkII introduced in 1969, the FX4R introduced in 1982, and the FX4S introduced in 1985) until November 1987, by which time 55,680 had been produced. A 1962 FX4 is shown below:



42. In 1962 Winchester Automobiles (West End) Ltd introduced its Series I cab, which was the first to have a glass reinforced plastic (“GRP”) body. This was followed by the Series II in 1965, the Series III in 1966 and the Series IV in about 1967. None of these models was successful and few were made. The last Series IV was made in February 1971 and sold later that year. The Winchester is shown below:



43. In 1970 MCW introduced a prototype of a new cab, also with a GRP body, called the Metrocab, which was trialled by the London General Cab Co, but this model was never put into production.
44. Thus by the end of 1971 Mann and Overton/Austin/Carbodies had a *de facto* monopoly of the London taxi market. Manganese Bronze Holdings Ltd acquired Carbodies in 1973, and Lloyds & Scottish Ltd acquired Mann and Overton in 1977. In 1982 Carbodies acquired all Austin’s intellectual property rights in the FX4 and in 1984 Manganese Bronze acquired Mann and Overton. In 1985 Manganese Bronze

formed a London Taxi International division, which became known as LTI, to operate the combined business of Mann and Overton and Carbodies. This division was subsequently incorporated as LTI Ltd.

45. In December 1986 MCW launched a new design of Metrocab, again with a GRP body, built by Reliant. This was the first five-seater cab, and had considerably more interior space for both driver and passengers. It was also the first cab designed to have wheel-chair accessibility. It provided the first real competition to LTI and its predecessors since the Beardmore. The Metrocab is shown below:



46. After failed attempts to design two models called the FX5 (which got no further than a full-size mockup) and the CR6 (based on a Range Rover, which got no further than two prototypes), in February 1989 LTI launched the Fairway. This was another revision to the FX4 with a new Nissan engine, new automatic gearbox and wheelchair access. It was followed by the slightly modified Fairway Driver in February 1992. The Fairway was manufactured until 1997, by which time 33,832 had been produced.
47. Reliant acquired MCW's Metrocab business in June 1989. After Reliant went into receivership, the assets were acquired by Hooper and Co (Coachbuilders) Ltd which set up Metrocab (UK) Ltd. In 1994 a six-seater version of the Metrocab was introduced, in 1995 the Series II Metrocab and in 1997 the Series III. By 1997 4,285 Metrocabs had been produced.
48. In March 2000 Metrocab launched its TTT model. The Metrocab TTT is shown below:



49. Following the launch of the Metrocab TTT, Metrocab started work on the design of a successor model which was to be called the Metrocab Global. This project got as far as a stationary prototype.
50. In December 2000 Metrocab ceased trading and subsequently went into administration. In June 2001 the Frazer-Nash group acquired the assets of the business and formed Metrocab (UK) plc, which re-started production of the TTT. Production continued until 2004 when it was suspended before being resumed in April 2005 at a low volume. Production ceased in August 2006.
51. In October 1997 LTI launched the TX1, which was manufactured until 2002. In 2002 LTI introduced the TXII, which was manufactured until 2006. In 2007 LTI introduced the TX4. During the period from 1990 to 2013 LTI sold over 50,000 Fairways, TX1s, TXIIs and TX4s.
52. In September 2003 Allied Vehicles Ltd, which distributed a taxi called the Peugeot E7 that had not been licensed for use in London, launched a judicial review against Transport for London (“TfL”) challenging the PCO’s decision to maintain three aspects of the Conditions of Fitness, including the turning circle. The judicial review was settled on the basis that the PCO would reconsider the three aspects in the light of submissions from interested parties and expert evidence, but the upshot of the exercise was that all three conditions were maintained. As a result, the Peugeot E7 has not been licensed for use in London.
53. In June 2008 Mercedes launched its Vito taxi. This is a converted Vito van (or, if one prefers to look at it that way, a converted Viano multi-purpose vehicle or MPV) with rear-wheel steering at low speeds to achieve the required turning circle. In Spring 2011 Mercedes introduced a revised version which complied with the Euro 5 emissions standard. The 2011 Vito is shown below:





54. In August 2012 Nissan announced a London version of its NV200 taxi with a petrol engine. This failed to gain approval, however, and in January 2014 Nissan unveiled a re-designed front which according to media reports was intended to make the vehicle more recognisable to the public as a taxi (or, in the words of one author, “instantly recognisable as one of the capital’s iconic black cabs”). The new front included round headlamps and a new grille. The re-modelled NV200 is shown below:



55. Despite these efforts, the NV200 has not so far gone into production. Even though Nissan had announced plans to develop an electric model, in November 2014 Nissan decided to suspend the project following the Mayor of London’s announcement of his plans for zero emissions capability by 2018 (as to which, see below). Nissan explained that this was because the petrol version would not meet the new standards.
56. In October 2012 Manganese Bronze and LTI went into administration. By agreements dated 31 January 2013 LTC (then called Geely Opco UK Ltd) acquired the intellectual property rights of Manganese Bronze and LTI, including the Trade Marks. LTC’s ultimate parent company is the Chinese automotive manufacturing company Zhejian Geely Holding Group Co Ltd.

57. In October 2013 LTC resumed manufacture of the TX4. In 2014 LTC sold 1,315 new TX4s and in the first quarter of 2015 it sold 310. As discussed below, it has also developed a replacement model called the TX5.

*Factors affecting drivers' choices of taxi models*

58. A number of different factors influence drivers' decisions when choosing which model of taxi to purchase (whether new or second-hand) or rent. Among these are the appearance of the vehicle, the cost of purchase or rent, the depreciation on the vehicle, the fuel and other running costs, the reliability of the vehicle, the number of passengers the vehicle will take, the ease of wheelchair access, the comfort afforded to the driver and the comfort afforded to the passengers. Although it is clear from the evidence, as discussed further below, that appearance is a significant factor, it is far from the sole consideration.

*The licensed London taxi fleet from August 2008 to March 2015*

59. Data from TfL shows the evolution of the licensed London taxi fleet from August 2008 to March 2015. In August 2008 there were 3,230 TX4s (14.9%), 6,345 TXIIs (29.2%), 6,118 TX1s (28.1%), 5,190 Fairways (23.9%), 845 Metrocabs (3.9%) and 19 Vitos, making a total of 21,747. In March 2015 there were 9,655 TX4s (42.9%), 6,221 TXIIs (27.6%), 3,828 TX1s (17.0%), 4 Fairways, 373 Metrocabs (1.7%) and 2,419 Vitos (10.8%), making a total of 22,500. The most dramatic change during this period occurred between September 2012 and October 2013, when the number of Fairways declined from 1,174 to 58. The decline in the number of Fairways was much sharper than the decline in the number of Metrocabs.

*Legal and regulatory requirements for London taxis*

60. As Bill Munro, the author of *London Taxis: A Full History* (2<sup>nd</sup> edition, Earlswood Press, 2014) notes in his Introduction:

“No other city lays down such specific rules for its taxis as London, nor has controlled them so stringently for so long.”

61. Taxis and taxi drivers in London are regulated by a complex web of legislation and regulations, the key elements of which are: the London Hackney Carriages Acts of 1831, 1843, 1850 and 1853; the London Cab Order 1934 (as amended, in particular by the Greater London Authority Act 1999) made by the Secretary of State under the Metropolitan Public Carriage Act 1869; the London Cab and State Carriage Act 1907; and the Conditions of Fitness. As can be seen, although the legislation is periodically updated, it goes back a long time.
62. Until 2000 the PCO was part of the Metropolitan Police. In 2000 the PCO was transferred to the new Greater London Authority (“GLA”) and became part of TfL. In 2010 the PCO was re-named London Taxi and Private Hire (“LTPH”).
63. Both taxis and drivers must be licensed by TfL. In addition the scale of fares is fixed by TfL. Drivers must, among other things, be at least 21, must pass examinations as to their Knowledge of London and their ability to drive a taxi and must display a numbered badge issued by TfL. Taxis must meet current European emissions

standards (presently Euro 5 or better); must meet the current Conditions of Fitness; must have a TfL-approved taximeter; must have a “TAXI” sign on the roof which is illuminated when the taxi is plying for hire; and (since 2012) must be not more than 15 years old unless by special exemption.

64. In addition to the requirements for a “TAXI” sign and a taximeter and the maximum age, the Conditions of Fitness 2007 (the version in evidence is Version 7.1 dated 1 January 2012) contain various other requirements, such as the maximum wheel turning circle of 7.62 metres, a body of fixed head type with partially glazed partition, a maximum overall length of 5 metres, wheelchair access and accommodation, occasional seats which rise automatically when not in use and a single-piece, full width rear window. They do not, however, prescribe the shape of the external bodywork.

*The attitude of the PCO, TfL and Mayor of London to the design of London taxis*

65. Although the Conditions of Use do not, save to a limited extent, dictate the appearance of vehicles that can be licensed as London taxis, there is no dispute that the PCO, TfL and the Mayor of London (“the Mayor”) have clear views on this subject which they do not hesitate to make known to manufacturers.
66. Mr Chia gave evidence that he and other representatives of FNR attended at least three meetings with officials from the PCO in February 2007, February 2008 and December 2008. As a result of these discussions, he stated in his first witness statement:

“... it became very clear to me that the PCO (and TfL) were keen for British traditions to be preserved with regard to the ‘look’ of any new licensed London cab, where possible, together with the adoption of the latest environmentally-friendly enabling technologies.”

67. Mr Chia expanded on this point later in his statement as follows:

“From my dealings with TfL and the PCO during development of the new Metrocab, including during the demonstrations of early range-extended electric prototypes, it seems clear to me that TfL ideally wants all licensed taxis in London to comply with a ‘conformed look’ and common aspects of appearance, at some level, in order to ensure they are recognisable as taxis licensed for hire in London.”

68. As Mr Chia himself noted, Darry Scriven, then Design Excellence Manager at Nissan Design Europe, was quoted in the press in January 2014 as having made similar comments in relation to the design of the NV200.

*The Mayor of London’s Air Quality Strategy*

69. Since the United Kingdom joined what was then the European Economic Community in 1973, a factor which has affected the development of new London taxis has the progressive tightening of European emissions standards over time. A further factor

which has influenced both the Defendants' development of the new Metrocab and LTC's development of the TX5 is the increasingly stringent approach towards air quality being taken in recent years by the municipal authorities in London.

70. In December 2010 the Mayor of London and the GLA published *Clearing the air*, which set out the Mayor's Air Quality Strategy for London. This stated in paragraph 3.10.7 that the Mayor believed that the London taxi trade should lead the world in moving towards a zero emission future, and that he would work with the trade and manufacturers with the aim of producing a taxi with a 60% improvement in fuel economy by 2015 and capable of zero tail pipe emission operation by 2020.
71. On 16 January 2014 the Mayor announced plans that would require all new taxis presented for licensing in London to be zero emission capable from 1 January 2018. These plans were announced at an event organised by TfL called "New Taxis for London", at which five manufacturers announced plans for taxis which would meet this requirement: LTC (a TX4 with a hydrogen fuel cell and the TX5), FNR (the new Metrocab), Mercedes (an electric Vito), Nissan (the electric NV200) and a company called Karsan.

#### *Private hire vehicles*

72. Since 2000, private hire vehicles (and their drivers) in London have been licensed by the PCO, and now LTPH, as well as London taxis (and their drivers). The essential distinction between a London taxi and a private hire vehicle is that a taxi may be hired from a rank or on the street, but a private hire vehicle must be pre-booked. This distinction has been somewhat eroded, however, since the advent of apps like Hailo and GetTaxi (which are primarily for taxis) and Uber (which is primarily for private hire vehicles).
73. In addition to this distinction, however, the licensing conditions for private hire vehicles are rather less stringent. In particular, private hire vehicles are neither required nor permitted to have "TAXI" signs on their roof or taximeters. Furthermore, ordinary production cars of almost any make and model can be used as private hire vehicles.
74. Furthermore, the licensing conditions for drivers of private hire vehicles are rather less stringent than for taxi drivers. In particular, private hire drivers are not required to pass the Knowledge of London test.
75. Many people in London are prepared to hire both taxis and private hire vehicle according to circumstances. There are some circumstances where only a taxi can be hired. Even where the passenger has a choice, however, many passengers prefer to hire a taxi, at least in some circumstances (for example, when returning home late at night). Although the private hire trade has improved considerably since it has been licensed, many passengers still consider that a taxi is safer and/or more reliable. Thus a survey by the London Assembly Transport Committee in August 2014 found (among other things) that "around one in three passengers chose taxi services because of their confidence that the driver knew the best route for their journey". Some passengers may also consider taxis to be quicker because they can use bus lanes, whereas private hire vehicles cannot.

LTC's conventional trade marks

76. LTC is the proprietor of a number of conventional trade marks designating the make and model of its taxis, including the following:



UK TM 2492595



UK TM 2143284

FAIRWAY

UK TM 2143202

TX1

UK TM 2143843

77. These trade marks are affixed to LTC's vehicles in the form of badges on the grilles and boots.

Reception of the Vito by drivers and passengers

78. It can be seen from the figures quoted above that a substantial number of Vito taxis have been sold to taxi drivers and licensed to ply for hire in London. As a result, they have become a common sight in London over the last seven years. Nevertheless, they are not as numerous as TX1s, let alone TXIIs or TX4s. This is partly simply a question of time. As explained above, the working life of a London taxi is 15 years. Thus it takes time for any new model to penetrate the market.
79. Furthermore, there are a number of reasons why drivers may choose to purchase or rent a TX4, say, rather than a Vito. For example, it appears some drivers find the ride of the Vito uncomfortable. (Conversely, some prefer it.)
80. It is clear from the evidence, however, that many taxi drivers consider that the appearance of the Vito counts against it. In some cases, this is purely a question of aesthetics: some drivers simply do not like the boxy, MPV-like appearance of the Vito. There is considerable evidence, however, that drivers find that some passengers react unfavourably to the Vito. This is manifested by passengers walking past Vitos at ranks and hailing LTC cabs rather than Vitos on the street. Again, in some cases this may be an aesthetic preference. In other cases, it may be due to a concern that the passenger may have to pay a premium rate because the Vito is larger than other taxis (although in fact this is not the case). It is clear, however, that some passengers either do not perceive the Vito as a proper licensed London taxi or at least are concerned that it may not be (i.e. that it may be a private hire vehicle). This perception appears to be most common amongst tourists, but it is not restricted to tourists.
81. It will be appreciated that these concerns may shade into each other. In particular, in the case of tourists, they may have a mental image of a London taxi which the Vito does not match. They may prefer to ride in an LTC vehicle because it has what they consider a quaint appearance or they may be concerned that the Vito is not a proper licensed London taxi or both.

The design of the new Metrocab

82. For the past 23 years, FNR has been engaged in the research and development of environmentally-friendly technology and integrated systems for the transportation market. It has developed proprietary, highly-efficient and fully-integrated digital electric and range-extended electric powertrains and other products for that market.
83. In around 2002 or 2003, Mr Siddiqi instructed FNR to begin work on developing an electric taxi. After an extensive process of development and testing, FNR learnt the harsh reality of the constraints and limitations of such vehicles like battery size, weight, time required to charge the battery pack and range anxiety. Accordingly, Mr Siddiqi directed FNR to work on a hybrid Metrocab. This led to FNR producing a prototype hybrid vehicle based on a Metrocab TTT.
84. Mr Siddiqi considered, however, that the body of the Metrocab TTT looked rather dated, and that there was thus a disconnection between that body and the innovative technology he was looking to introduce. Accordingly, in parallel with the work on the powertrain, he directed FNR's internal designers to start considering how the Metrocab TTT could be given a "facelift". (The Metrocab Global prototype was not suitable for this purpose, because it had not been engineered to the point where it could be put into production – it did not even have an engine.) Accordingly, FNR put together a presentation entitled "Metrocab 2002". It is of note that the presentation included a page headed "The competition" which includes photographs of an FX4, a TX1 or TXII, a Peugeot E7 and a Mercedes vehicle. Among the proposals explored in the presentation were to restyle the front of the vehicle, in particular using round or oval headlights.
85. Work on this aspect of the project appears to have proceeded very slowly, presumably because FNR was concentrating on the powertrain. By 2009 the project had got no further than some crude hand-built GRP prototype body shells based on the Metrocab TTT mid-section with new front and rear sections.
86. Mr Siddiqi was not happy with the prototype body shells, and concluded that the problem was that it was difficult to create a design which "flowed" using the angular Metrocab TTT parts and the newer, more rounded front and rear sections. Accordingly, Mr Siddiqi decided that FNR needed to engage an external designer.
87. In late December 2009 or early January 2010 Mr Siddiqi engaged Massimo Fedeli as a consultant to FNR. Mr Fedeli was formerly the managing director of Ferrari UK. On Mr Fedeli's recommendation, FNR engaged F&F to come up with a new design for the body of the new Metrocab. Thereafter Mr Fedeli acted as a conduit for some, but far from all, of the communications between FNR and F&F. It should be noted that the Defendants did not call Mr Fedeli as a witness, and did not give any explanation for this other than the fact that his contract had been terminated by March 2013. Counsel for LTC rightly did not suggest that any adverse inference should be drawn from this, however.
88. As counsel for LTC emphasised, there are relatively few documentary records of the design process undertaken by F&F, and in particular few documentary records of the instructions given by FNR. LTC contends that there must have been more documents

than have been disclosed, and suggests that it is likely that damaging documents have been suppressed.

89. In my judgment it is likely that more documents were created by FNR and F&F than have been disclosed. In particular, Mr Fantolino referred for the first time in his oral evidence to a brief in PDF or PowerPoint form which he received from Mr Fedeli, he thought during their second or third meeting, but no such document has been disclosed. I am not persuaded that this is sinister, however, for a number of reasons.
90. First, Ms Siddiqi gave evidence that a lot of the instructions were given orally by telephone or in meetings. Having regard to the nature of the project, and having seen Mr Siddiqi give evidence, I find this entirely plausible.
91. Secondly, the relevant events took place between about the beginning of January and April 2010. These proceedings were not commenced until 3 April 2014, four years later. Even then, although LTC alleged that the Defendants had deliberately decided to adopt an appearance which closely resembled the appearance of LTC's cabs in order to benefit from the extensive goodwill in that appearance, it was not made clear that LTC was making an allegation about the design process as opposed to its outcome. This only became clear subsequently. Thus it would not be surprising if documents had been mislaid or deleted by the time that disclosure was sought.
92. Thirdly, it is obvious that at least some of the documents will have been in the possession of F&F. There was no investigation during the trial of the question of whether such documents would have been in the control or power of the Defendants, and I was not shown anything to suggest that that question had ever been properly investigated. Nor was I informed that any application for third party disclosure had been made against F&F (assuming that would be possible). Accordingly, the possibility cannot be excluded that F&F has documents in its possession which have not been disclosed.
93. Fourthly, it is evident from the documents that have been disclosed that some communications passed through Mr Fedeli. Everything I have said in the preceding paragraph applies equally to documents in his possession.
94. Fifthly, the Defendants did disclose some documents which were damaging to them in the sense that, as explained below, they enabled LTC to demonstrate that greater reference had been made to the TX4 during the design process than the Defendants had admitted. That being so, I see no reason to think that the Defendants suppressed other damaging documents. Counsel for LTC relied on the fact that the Defendants had only disclosed one of the damaging documents pursuant to an order for specific disclosure, but the fact remains that the Defendants did disclose that document.
95. Sixthly, the absence of documents cuts both ways. Counsel for LTC relied strongly on the fact that the documents which had been disclosed lent little support for the Defendants' witnesses' account with respect to the other sources which were said to have influenced the design of the new Metrocab. But if more documents had been disclosed, they might have provided such support.
96. Seventhly, so far as the PDF or PowerPoint brief is concerned in particular, Mr Fantolino's recollection was that a lot of this consisted of regulations with respect to

London taxis. It is likely that Mr Fantolino would have been provided with such materials at some point, but this does not assist LTC.

97. Accordingly, I consider that it is necessary to consider the evidence of the Defendants' witnesses having regard to the documents that have been disclosed and the inherent probabilities.
98. According to both Mr Siddiqi and Mr Fantolino, Mr Siddiqi gave Mr Fantolino a briefing as to what Mr Siddiqi wanted by telephone at a very early stage, probably in January 2010. According to Mr Siddiqi, he instructed Mr Fantolino that he wanted a design which showed FNR's new powertrain and was distinctive, yet would be "recognisable to the trade and to passengers as a 'licensed London taxi'". As Mr Siddiqi explained in his second witness statement:

"I am aware that those involved in the trade, our competitors, passengers and Transport for London alike all have certain perceptions as to how a licensed London cab 'should look' .... there is, effectively, a barrier to entry in the market for licensed cabs which are not recognisable as such – i.e. if a vehicle does not look like a licensed cab, passengers are less likely to hail it. ... FNR wanted to avoid producing a taxi which may struggle to generate business if it was not recognised by Londoners as a licensed London cab. ... As a result - in very broad terms - I directed the design of a cab which was recognisable as a licensed London cab at a generic level, drawing on the entire history of the sector and the British heritage of automotive designs, but that is distinctive and which clearly differentiates itself from LTC's cabs."
99. Both witnesses also gave evidence that Mr Siddiqi said that he did not want a "van" type of cab like the Vito or E7.
100. Both witnesses also claimed that Mr Siddiqi said he wanted what Mr Fantolino described in his first witness statement as "a sleek modern and original look which [respected the vehicle's] British 'soul' [which was a reference to] the classic British cars of the 1960s, and in particular to the design of Bentley and Jaguar cars of this period, as well as the 1960s London taxis" and what Mr Fantolino described in his second witness statement as "a 'vintage look' ... related to the 1950s and early 1960s of the British automotive industry." Mr Fantolino went on to say in his second witness statement that Mr Siddiqi had given the example of the Bentley Mulsanne as a modern reinterpretation of a classic design which represented a guideline for what he wanted F&F to achieve.
101. Although there were certain differences between, in particular, the details of Mr Fantolino's account in his oral evidence and that in his witness statements, it seems to me that he was consistent in the broad thrust of his evidence. Moreover, I do not consider that the evidence of Mr Siddiqi and Mr Fantolino was either implausible or inconsistent with the documentary record considered below. Indeed, it can be seen from the passages quoted above that Mr Siddiqi frankly admitted that he wanted the new Metrocab to conform to the perceptions of the trade and public and to be recognisable as a London taxi.



102. On 7 January 2010 Mr Fantolino sent Mr Chia at FNR an “offer letter” based on discussions he had had with Mr Fedeli on 5 January 2010. Mr Fantolino described this in evidence as an “economic offer”, the kind of letter he would send to all clients at the outset of a project. The letter is divided into five paragraphs. Paragraph 1 was headed “Offer Description” and included the following:

“Aim of the project is to provide a comprehensive Product & Design Concept Overview for a new Metro Cab Taxi **who will be market in England at a retail price not higher than 30/35 K£.**”

Frazer Nash is currently engaged in the developing a breakthrough innovation for a clean power train. Together with that, Frazer Nash is considering to design a new body of the Metro Cab in order to match new requirements in terms of ergonomics and internal functionalities. In addition, an innovative design has to communicate even aesthetically the high level of embedded new technologies.

This Product & Design Concept Overview will provide Frazer Nash with a comprehensive understanding of the Product Concepting as the base for relevant future development. Sketches and hi-definition rendering will also help Frazer Nash to choose the most appropriate guidelines in terms of Design, materials, shaping and main functions.”

103. Paragraph 2 was headed “Project phases”. It set out three phases: a creative/conceptual phase (involving three proposals), creation of exterior Alias models of the final proposal (Alias being a CAD system) and construction of a physical exterior model. The first step of the first phase was specified as “Brand analysis, London and current British Taxi Market research”. The last phase involved the construction of the physical model on a scale of 1:4. Paragraph 3 was headed “Time schedule” and indicated an 11 week project. Paragraphs 4 and 5 were headed “General” and “Costs description” and were concerned with the financial aspects of the project.
104. Counsel for LTC pointed out that the letter did not set out the instructions given to Mr Fantolino in any great detail. I do not find this surprising, given the nature of the letter. It set out perfectly clearly the general nature of the project, what F&F proposed to do and by when. It is clear that Mr Fantolini had at least some idea of what the project would involve. In my view it does not matter much whether Mr Siddiqi’s oral briefing to Mr Fantolino was given before or after this letter, but I consider it more probable that it was afterwards.
105. It can be seen that the project was to begin with research into the current London taxi market. Again, this is unsurprising. Mr Ancona fairly accepted that it was normal when embarking on a new design to consider the competition.
106. Counsel for LTC submitted that 11 weeks was too short a period in which to carry out such a project without copying. This submission was unsupported by evidence and I do not accept it. Mr Fantolino was an experienced car designer, albeit that he had

never designed a taxi before. Moreover, the scope of the project was limited: the end deliverable was merely a 1:4 scale model of the exterior of the proposed vehicle. The project did not include detailed design of the interior, any engineering work or even a full-size model.

107. On 19 January 2010 Mr Chia's assistant emailed F&F a non-disclosure agreement with a request to sign it. On 25 January 2010 Mr Fantolino returned that agreement signed by him. There is no dispute that the purpose of the non-disclosure agreement was to enable the parties to exchange confidential information electronically via an FTP site, but the Defendants have not identified any documents exchanged in that manner in their disclosure.
108. Also on 25 January 2010 F&F's project manager Massimo Rora sent Mr Chia an email saying "Please we need a same picture of last model in production and is possible (very important) a packaging drawing in pdf." A packaging drawing is a drawing showing, in essence, the layout of the chassis and other mechanical elements of the vehicle.
109. Mr Chia replied latter the same day saying:
  - "1. As requested we have enclosed Metrocab TTT which gives a visual representation of the last model of our Metrocab taxi in production.
  2. For comparison and reference, we have also enclosed London Taxi TX4 which is a current model manufactured by our competitor in the UK. Their wheel chair access is similar to what we have. Certainly, your creative flair will be useful."
110. Attached to this email were three photographs of a Metrocab from different angles and four images (which appear to me to be digitally-manipulated images published by LTI) of a TX4: an external front and side view, a semi-cutaway front and side view showing the wheelchair ramp and two interior views.
111. Counsel for LTC pointed out that Mr Rora had not requested images of the TX4. It is not surprising, however, that FNR should have sent F&F images of the current competition. As noted above, the first phase of the project involved F&F researching the market. Equally unsurprisingly, Mr Fantolino gave evidence that he (or his team) had carried out internet searches for images of London taxis anyway.
112. Mr Chia fairly accepted in cross-examination that in fact the design of the TX4 wheelchair access was different to that of the Metrocab wheelchair access. Although Mr Chia did not explain why he had described it as "similar" in his email, it seems to me that he was concentrating on the result (i.e. access for a wheelchair) rather than the details of the design (the ramp etc). I see nothing sinister about this.
113. Counsel for LTC suggested that the phrase "Certainly, your creative flair will be useful" was a coded reference to updating or face-lifting the TX4. On its face, that is not what it means. I am not persuaded that Mr Chia meant anything different than he said.

114. Counsel for LTC also pointed out that Mr Chia had not sent the packaging drawing which Mr Rora had requested. It is likely that Mr Chia simply did not have a suitable drawing to hand at the time. Again, I see nothing sinister in this. It seems clear that FNR must have sent F&F a packaging drawing subsequently, but this has not been disclosed.
115. Overall, this email is entirely consistent with instructions which included a requirement to produce a design which reflected the Metrocab heritage and bearing in mind the principal competitor's vehicle and how it dealt with wheelchair access.
116. On 2 February 2010 Luigi Giampaolo of F&F emailed Mr Fedeli "some of the images from yesterday's presentation". According to Mr Fantolino, this was an initial presentation to FNR. The email tends to suggest that Mr Fedeli was also present.
117. Attached to the email were 12 images, each of which was captioned "style research phase 1". The first image is an image of a TX (it is not clear whether it is a TX1, TXII or TX4). The second image has the same background as the first, and to that extent is derived from it. As is common ground, however, the vehicle depicted is quite different to the TX. There is no dispute that what F&F did was to take the first image and to use Photoshop as a sketching tool to produce the new image.
118. The third image is of a vehicle which does not resemble any of LTC's taxis, but bears the number plate "LTI XII". Counsel for LTC suggested that this was a private joke reflecting the nature of F&F's instructions. I accept that it is consistent with F&F referring to LTC's taxis during this phase of the design process, but that is not in dispute. I do not accept that it shows any more than that.
119. The fifth image is, as Mr Ancona demonstrated, based on a photograph of an FX4. Again, there is no dispute that the appearance of the vehicle has been substantially, but not entirely, modified using Photoshop.
120. The last image is again one derived from the first image. Apart from the roof and "TAXI" light, the appearance of the vehicle depicted is fairly different to the TX.
121. It is clear from these images that F&F referred to images of LTC's taxis in this early phase of the design. Given Mr Siddiqi's own account of the instructions he gave, that is unsurprising. Although F&F's use of the image of the FX4 went further than that, this is not particularly significant. It is evident that F&F was simply using the image as a short-cut to producing an image of a rather different design. Moreover, that particular design does not appear have to been taken forward.
122. On 16 February 2010 Mr Fedeli sent Mr Siddiqi, with copies to Mr Chia, two emails attaching further images. In the first email Mr Fedeli said "here attached some front sketch". Attached were five images, captioned "London 1", "London 2A", "London 2B", "London 2" and "Trendy". Each image includes a free-hand sketch of the front of the vehicle together with Photoshopped front-and-side and side views. The appearance of the vehicles depicted in the Photoshopped views is much the same apart from the fronts.
123. The image captioned "London 2" has a number plate reading "TX4". Furthermore, as Mr Ancona demonstrated, parts of the Photoshopped front-and-side view derive from

a promotional photograph of a TX4 taken by LTI in about December 2010. Although Mr Ancona focussed on London 2A, his analysis is largely applicable to the other images, except that only the images captioned “London 2A” and “Trendy” also bore the TX4 number plate.

124. Mr Fantolino’s evidence about these images changed over time. In his first witness statement he said that he had simply derived the number plate from an image found by means of an internet search and that this was an error “resulting from my team and I being unfamiliar with British number plates and (at that time) the fact that ‘TX4’ was the name of an LTC car model”. This account was incorrect in two respects: it failed to acknowledge that F&F had taken more than just the number plate and it was wrong to suggest that they did not know what TX4 signified. In his second witness Mr Fantolino went slightly further in acknowledging that the image was the result of F&F using Photoshop “at an early, preliminary stage to include unimportant elements of other designs to put on a design board, in order to mock up preliminary ideas.”
125. In his oral evidence Mr Fantolino explained that the purpose of the Photoshopped views was to show the proposed front designs in the context of a vehicle, and that the image of the vehicle had been assembled, like Frankenstein, from parts of other vehicles. He accepted that parts had been taken from the photograph of the TX4, but said that other parts had been taken from other vehicles. In particular, he identified the headlights as having come from the Bentley Mulsanne and the wheels from the Rolls Royce Ghost (both of which had recently been introduced at that time). He was not challenged on those points.
126. Although Mr Fantolino’s credibility is somewhat dented by his failure to acknowledge what F&F had done at the outset and by the changes in his evidence, the account he gave in cross-examination is both consistent with the documentary evidence and plausible. I therefore accept it.
127. Although Mr Siddiqi and Mr Chia did not make these images, I consider that they must have appreciated what F&F had done at least to some extent. As indicated above, they were more reluctant to admit this than they should have been. Again, this undermines their credibility somewhat; but it goes no further than that.
128. The key point is that I am not persuaded that this evidence shows the instructions which Mr Siddiqi gave to Mr Fantolino were other than I have set out above. Furthermore, there is no documentary or other evidence to show that F&F made any use of the design of the TX4 after this. Accordingly, I do not accept that FNR instructed F&F to create a design which looked like an updated or face-lifted TX4, as LTC contends.
129. In the second email dated 16 February 2010 Mr Fedeli said “Here you will find also some posterior view.” Attached were four images, only one of which was of the rear view of a vehicle. LTC has not suggested that any of these images were derived from the TX4 (or any other LTC vehicle).
130. On receipt of the first email, Mr Chia telephoned Mr Fedeli to complain about the use of TX4 on the number plate in three of the images. Later the same day F&F sent Mr Fedeli and Mr Fedeli sent Mr Chia modified versions of the images with different number plates.

131. In the meantime Mr Siddiqi had replied very quickly to the first email saying he liked all the images and would narrow it down to two concepts “by tomorrow”. It does not appear that he did so, however.
132. On 25 February 2010 Mr Fantolino presented F&F’s proposals to Mr Siddiqi and Mr Fedeli at a meeting at F&F’s premises in Turin. A substantial PowerPoint (or similar) presentation running to 69 pages was prepared for this purpose by F&F. The presentation began with a three page section entitled “Backgrounds”. The first page of this section incorporated photographs of a Metrocab TTT and a Fairway. After outlining various high-level requirements for the new design, including compliance with the Conditions of Fitness, the third page concluded:
- “The New Product Design most [sic] consider the high level of embedded innovation while at the same time ensuring ‘evergreen’ aesthetics.”
133. The second section of the presentation was entitled “Market Analysis”. The first page of this section, headed “Current competitors”, incorporated photographs of a Ford concept taxi, the Vito and the TXII/TX4. The third section was entitled “Concept Analysis”. The first page of this section, headed “packaging constraints” and “current packaging” comprised a diagram which incorporated a Metrocab packaging drawing. The fourth section was entitled “Layout Analysis”. This shows that F&F was contemplating accommodating (at least in one version) six passengers. The fifth section was entitled “Confort [sic] and Ergonomics”. This included a page incorporating photographs of various different car headlights. The sixth section was entitled “Design Proposal /sketches” and incorporated some of the images discussed above as well as free-hand sketches. The seventh section was entitled “Design Proposal / renders”. This consisted of more highly-finished images for three main proposed designs, captioned “London 1”, “London 2” and “Trendy”, in each case with certain alternatives. The eighth section was entitled “Dashboard” and consisted of a proposed dashboard design. The ninth section was entitled “Contest [sic] Simulation” and consisted of images of two of the proposed designs incorporated into photographs of London streets. The last section was entitled “Recommendations & Action Plan”.
134. On 19 April 2010 F&F emailed Mr Fedeli three images of the “final model”. On 20 April 2010 F&F emailed Mr Fedeli the same images together with some variations. Although there is no documentary record, it is likely that Mr Fedeli forwarded these emails to FNR. By this stage of the process, the basic external shape of the new Metrocab had been designed, but as explained below a number of detailed changes were made after this.
135. Even disregarding the changes that were made subsequently, I do not consider that the design produced by F&F amounted to an updated or facelifted TX4, as LTC contends. On the contrary, there are clear differences between the two.
136. Further discussions between FNR and F&F continued after this date, but these largely related to the interior design of the vehicle. They culminated in another presentation by F&F to FNR in Turin on 22 December 2010.

137. In 2011 FNR engaged another Italian company called Salt Gavina srl (“Salt”) to build a prototype. As a result, on 29 April 2011 Mr Fantolino gave a presentation to FNR about the feasibility of the prototype design. On 9 and 13 March 2012 F&F sent FNR, Mr Fedeli and the Salt team proposals for the colour of the exterior of the new Metrocab and for the exterior and interior colour and trim. On 28 March 2012 F&F sent further proposals for the colour scheme. Apart from this, F&F had little involvement with the Salt prototype. In May 2012 Salt produced six prototypes: two in yellow, two in white and two in black and green.
138. At the same time FNR started undertaking a number of “soft launch” activities to promote the new Metrocab, beginning with the display of one of the Salt prototypes at the Monaco Grand Prix in May 2012.
139. Thereafter FNR commissioned a Canadian company called Multimatic to manufacture eight working prototype vehicles for the purpose of trials on the streets of London with fare-paying passengers. Multimatic began work in August 2013 and finished the eight vehicles in November 2014. During this work, a number of detailed changes were made to the design, some of which were required to ensure compliance with the Conditions of Fitness. The changes included changes to the headlights, the grille surround, the lower air-intake and number plate positioning, the rear panels and the rear lights. The overall impact of these changes is that the final design of the new Metrocab differs somewhat from F&F’s final proposal.
140. Finally on the subject of the design of the new Metrocab, I should mention a feature of the design which the Defendants are understandably proud of, which is that it includes a panoramic glass roof, as shown below:



#### Promotion of the new Metrocab

141. On 18 December 2013 FNR gave the Mayor an exclusive preview and test drive of one of the Multimatic vehicles, an event which was widely reported.

142. One of the Salt prototypes and one of the Multimatic vehicles were displayed at the New Taxis for London event on 16 January 2014, and the Mayor was photographed driving the latter. Again, this attracted widespread media coverage. Both the Mayor's Press Office and the participating manufacturers issued press releases in advance of the event. The Defendants' press release quoted "Metrocab Chairman" Sir Charles Masefield as saying (emphasis added):

"The all-new Range Extended Electric Metrocab has been in development since the mid-2000s with several prototypes built and over a million kilometres of testing. *Instantly recognisable as an iconic London Hackney Cab* with a panoramic glass roof for views of the City, our new all-British London cab offers, for no price premium, completely new levels of economy, emissions and passenger comfort and is ready to enter service this year, benefitting [sic] the passenger, driver, city and environment alike."

LTC relies upon the words that I have emphasised as supporting its case. In my judgment, however, they are entirely consistent with Mr Siddiqi's evidence discussed above.

143. Since January 2014 the Defendants have continued to promote the new Metrocab in various ways, including by means of a YouTube channel called *Metrocab TV*. LTC relies on the fact that one of the videos posted on this channel entitled "New Metrocab" shows a number of LTC cabs, and in particular briefly shows one in close up near to the beginning, as well as the new Metrocab on the streets of London. I am not persuaded that there is anything sinister about this. The video is clearly designed to show the new Metrocab fitting into the context of London. As LTC itself points out, the video also includes emblems of London such as the Tower of London, the Shard, an Underground sign and a telephone box.

#### Trial of the new Metrocab

144. In December 2014 the PCO licensed five of the eight Multimatic vehicles to operate as London taxis on a trial basis. Since then FNR, in partnership with ComCab, has had three of the vehicles in operation at any one time. Mr Butler and Mr Preston Morris are two of the drivers who have driven these trial vehicles. The Defendants have collated and disclosed all feedback about the new Metrocab which they have received via a dedicated website. None of this indicates that anyone has confused the new Metrocab with any of LTC's cabs or thought that it was produced by, or otherwise connected with, LTC. On the other hand, there have been a fair number of comments to the effect that it "looks like a proper London taxi". The Defendants have continued to make small changes to the vehicle as a result of the feedback received.
145. As can be seen from the photograph reproduced in paragraph 14 above, which shows one of the trial vehicles next to a TX4, the trial vehicles not only bear reasonably prominent Metrocab badges on the front grille (and boot), but also bear Metrocab advertising on their bonnets and side doors (and tip-up seats). A close-up of the advertising on the side door is shown below:



Production of the new Metrocab

146. Ecotive plans to start volume production of the new Metrocab, in partnership with Multimatic, in 2016. Ecotive plans to start selling the vehicle from the end of 2016.

Do the Defendants intend to deceive the public?

147. For the reasons explained above, I have concluded that FNR instructed F&F to design a taxi which conformed to the perceptions of the trade and public and was recognisable as a London taxi. I have also concluded that, consistently with those instructions and as would be expected in any event, F&F referred to the design of LTC's taxis during the design process. I have also found that F&F made specific, but limited, use of images of an FX4 and TX4 in their work. I have not accepted that FNR instructed F&F to update or face-lift the TX4.
148. As noted above, LTC allege that the Defendants intend to deceive the public as to the origin of the new Metrocab by adopting a shape which closely resembles that of LTC's taxis, which is an allegation of fraud. I have no hesitation in rejecting that allegation. In my judgment the evidence does not begin to support it, for three main reasons. First, as explained above, I am not satisfied that FNR instructed F&F to update or face-lift the TX4. Secondly, as explained in more detail below with specific reference to the Fairway and TX1, I consider that the design of the new Metrocab is different to that of LTC's taxis in many respects. Thirdly, even if I had been satisfied that FNR had instructed its contractors substantially to copy the design of the TX4 and that its contractors had done so, the intention imputed to the Defendants by LTC is deeply implausible. LTC does not suggest that the Defendants intend to deceive taxi drivers as to the origin of the new Metrocab, or even that taxi drivers will in fact be deceived as to its origin. Rather, LTC contends that the Defendants intend to deceive taxi passengers (that is to say, consumers of taxi services) as to the origin of the new Metrocab. But how would that benefit the Defendants if the taxi drivers, who are their customers, are not deceived? As explained in more detail below, there is no evidence that taxi drivers would be more likely to purchase the new Metrocab if some of their passengers thought that it emanated from the same source as LTC's taxis. There is evidence from which it may be inferred that taxi drivers would be more likely, all other things being equal, to purchase a new taxi if it was readily recognisable as a licensed London taxi than if it was not; but that is not the same thing.

Potential collaboration between LTI and FNR in 2005

149. In 2005 there were discussions between LTI and FNR about a possible collaboration to produce a hybrid taxi based on the TXII. The parties could not agree commercial



terms, and therefore the discussions went nowhere. I am satisfied that this episode has no relevance to the issues in these proceedings.

### The design of the TX5

150. The design of the TX5 is relevant to the issues in this case in two ways. First, the Defendants draw a comparison between LTC's approach to the design of the TX5 and F&F's approach to the design of the new Metrocab. Secondly, for reasons which will become clear, it is relevant to Mr Zeghibe's evidence. There is, however, relatively little evidence about the design of the TX5.
151. From such evidence as there is, it appears that LTC started work on the project in about May 2013 together with Geely Barcelona. At that stage LTC was planning to introduce the vehicle in 2016. The new vehicle was intended to be an extended range electric vehicle. Accordingly, the main competitors which LTC identified at that stage were the proposed electric versions of the Nissan NV200, Mercedes Vito and Peugeot E7. By June 2013 some sketches of a number of design proposals had been produced. By 6 August 2013 some initial images of a proposed design called Robin had been produced. These images subsequently formed the basis of an LTC brochure for the TX5 which was distributed at the New Taxis for London event on 16 January 2014.
152. By then the project had become known as Project Horizon. At some point, which may have been on 19 December 2013, LTC became aware of the existence of the new Metrocab. An LTC Project Horizon presentation of indeterminate date about competitors to the TX5 includes photographs of the Metrocab. Furthermore, Mr Ancona accepted that LTC (or Geely Barcelona, it matters not) had plenty of pictures of the new Metrocab and had it in mind when developing the design of the TX5.
153. Before 21 May 2015 Mr Zeghibe had had a couple of meetings with LTC to discuss a possible business relationship. During the course of these meetings Mr Zeghibe was shown images of what he understood to be LTC's next generation hybrid taxi (i.e. the TX5). Precisely what Mr Zeghibe was shown is not clear, however. Moreover, Mr Zeghibe's recollection was that he had been told by LTC that LTC had made two prototypes of the new vehicle.
154. It appears that, as with the new Metrocab, the development of the TX5 proceeded more slowly than LTC had initially hoped. As I understand it, LTC launched the TX5 in October 2015.

### The incident involving Mr Zeghibe

155. On 21 May 2015 Mr Zeghibe used his Hailo App on his phone to book a taxi at 7:50 am to take him from his home to his place of work. Mr Butler obtained the booking driving one of the new Metrocabs. On emerging from his house, Mr Zeghibe thought the vehicle looked like the images of the TX5 design which he had previously been shown by LTC, and he therefore assumed that the vehicle was a prototype TX5. Mr Zeghibe was surprised by and interested in this, as LTC had not mentioned that it was road-testing the prototypes. When Mr Zeghibe got in, he and Mr Butler recognised each other since they had met before, as Mr Butler is a longstanding Hailo user. Mr Zeghibe immediately started a conversation with Mr Butler. Unsurprisingly, they remembered the conversation slightly differently, but not in any respect that matters.

Mr Zeghibe commented on the new vehicle that Mr Butler was driving, and in particular its Volvo chassis or engine. Mr Butler quickly realised that Mr Zeghibe was mistaken, and said “No, this is a Metrocab”. It was only after this that Mr Zeghibe noticed the Metrocab advertising on the tip-up seats. He had not noticed the Metrocab advertising on the exterior of the vehicle when getting into it.

Key legislative provisions

156. Articles 3, 5 and 6 of the European Parliament and Council Directive 2008/95/EC of 22 October 2008 to approximate the laws of the Member States relating to trade marks (codified version replacing Directive 89/104/EEC) (“the Directive”) provide, so far as relevant, as follows:

*“Article 3*

**Grounds for refusal or invalidity**

1. The following shall not be registered or, if registered, shall be liable to be declared invalid:
  - ..
  - (b) trade marks which are devoid of any distinctive character;
  - ...
  - (e) signs which consist exclusively of:
    - ...
    - (iii) the shape which gives substantial value to the goods;
  - ...
3. A trade mark shall not be refused registration or be declared invalid in accordance with paragraph 1(b), (c) or (d) if, before the date of application for registration and following the use which has been made of it, it has acquired a distinctive character. Any Member State may in addition provide that this provision shall also apply where the distinctive character was acquired after the date of application for registration or after the date of registration.

*Article 5*

**Rights conferred by a trade mark**

1. The registered 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 trade mark and the identity or similarity of the goods or services covered by the 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.

2. Any Member State may also provide that the proprietor shall be entitled to prevent all third parties not having his consent from using in the course of trade any sign which is identical with, or similar to, the trade mark in relation to goods or services which are not similar to those for which the trade mark is registered, where the latter has a reputation in the Member State 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 trade mark. 5. Paragraphs 1 to 4 shall not affect provisions in any Member State relating to the protection against the use of a sign other than for the purpose of distinguishing goods or services, where use of that sign without due cause take unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

#### *Article 6*

#### **Limitation of the effects of a trade mark**

1. The trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade:

...

(b) indications concerning the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of the service, or other characteristics of goods or services;

...

provided he uses them in accordance with honest practices in industrial or commercial matters.”

157. These provisions are implemented in the United Kingdom by sections 3(1)(b), (2)(c), 10(2),(3) and 11(2)(b) of the Trade Marks Act 1994. Parallel provisions are contained in Articles 7(1)(b),(e)(iii), 9(1)(b),(c) and 12(b) of Council Regulation 207/2009/EC

of 26 February 2009 on the Community trade mark (codified version replacing Regulation 40/94/EC) (“the Regulation”).

158. The Regulation also provides, so far as relevant:

*“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.

The following shall also constitute use within the meaning of the first subparagraph:

- (a) use of the Community trade mark in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered;

...

*Article 51*

**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; however, no person may claim that the proprietor's rights in a Community trade mark should be revoked where, during the interval between expiry of the five-year period and filing of the application or counterclaim, genuine use of the trade mark has been started or resumed; the commencement or resumption of use within a period of three months preceding the filing of the application or counterclaim which began at the earliest on expiry of the continuous period of five years of non-use shall, however, be disregarded where preparations for the commencement or resumption

occur only after the proprietor becomes aware that the application or counterclaim may be filed;

...

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.”

Articles 10(1) and 12(1) of the Directive correspond to these provisions.

### The average consumer

#### *The law*

159. It is well established that many questions in European trade mark law are to be considered from the perspective of the “average consumer” of the goods or services in question, who is deemed to be reasonably well-informed and reasonably observant and circumstances. I have reviewed this concept a number of times, most recently in *Enterprise Holdings Inc v Europcar Group UK Ltd* [2015] EWHC 17 (Ch), [2015] ETMR 16 at [130]-[138]. See also *J.W. Spear & Sons Ltd v Zynga Inc* [2015] EWCA Civ 290, [2015] FSR 19 at [36]-[39].

#### *The average consumer in the present case*

160. Although the specifications of both Trade Marks extend beyond taxis, it is common ground that the goods of interest for the purposes of determining the issues of both validity and infringement are taxis, and that it is not necessary to consider other types of vehicles falling within the specifications. Counsel for LTC submitted that there were two average consumers in the present case, namely (i) taxi drivers, and (ii) members of the public who hired taxis. In addition, as will appear, LTC’s case focuses on the second of these.
161. Counsel for LTC submitted that members of the public who hired taxis were relevant consumers because they were end users of the goods. In support of this submission, he cited a number of authorities: Case C-371/02 *Björnekulla Fruktindustrier AB v Procordia Food AB* [2004] ECR I-5971, Case C-412/05 P *Alcon Inc v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [2007] ECR I-3568, *Schütz (UK) Ltd v Delta Containers Ltd* [2011] EWHC 1712 (Ch), Case C-409/12 *Backaldrin Österreich The Kornspitz Company GmbH v Pfahnl Backmittel GmbH* [EU:C:2014:130], [2014] ETMR 30 and *Supreme Petfoods v Henry Bell & Co (Grantham)* [2015] EWHC 2456 (Ch), [2015] ETMR 20. It is not necessary for me to discuss those authorities, however, since they are all clearly distinguishable from the present case. In my judgment members of the public who hire taxis are consumers of taxi services, and not of taxis. They are not end users of the goods, they are users of the service provided by the consumer of the goods.
162. In the alternative, counsel for LTC submitted that taxi drivers would take the reactions (or at least the perceived reactions) of the consumers of taxi services to the design of

taxis into account when deciding which taxi to purchase. I accept that, as indicated above, this is one of the factors which taxi drivers take into account.

163. It is common ground that, since taxis are expensive and specialised vehicles, taxi drivers are knowledgeable and careful purchasers, that is to say, their level of attention is fairly high. It is also common ground that, since taxi services are inexpensive and since consumers are often in a hurry, the level of attention paid by consumers of taxi services is fairly low.

Validity of the Trade Marks: distinctive character

164. The Defendants contend that both of the Trade Marks should be declared to have been invalidly registered on the ground that they were devoid of distinctive character. LTC disputes that either of the Trade Marks was devoid of distinctive character. In the alternative LTC contends that both Trade Marks have acquired a distinctive character pursuant to Article 7(3) of the Regulation and Article 3(3) of the Directive.

*Inherent distinctive character*

165. *The law.* The principles to be applied to the assessment of the distinctive character of a trade mark consisting of the shape of a product under Article 7(1)(b) of the Regulation and Article 3(1)(b) of the Directive were summarised by the Court of Justice of the European Union in Joined Cases C-344/10 P and C-345/10 P *Freixenet SA v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [2011] ECR I-10205 as follows:

“42. According to settled case-law, for a trade mark to possess distinctive character for the purposes of Article 7(1)(b) of Regulation No 40/94 it must serve to identify the goods in respect of which registration is sought as originating from a particular undertaking, and thus to distinguish those goods from those of other undertakings (see, in particular, Joined Cases C-456/01 P and C-457/01 P *Henkel v OHIM* [2004] ECR I-5089, paragraph 34; Case C-136/02 P *Mag Instrument v OHIM* [2004] ECR I-9165, paragraph 29, and Case C-238/06 P *Develey v OHIM* [2007] ECR I-9375, paragraph 79).

43. That distinctive character must be assessed, first, by reference to the goods or services in respect of which registration is sought and, second, by reference to the perception of the relevant public (see, in particular, *Henkel v OHIM*, paragraph 35; Case C-25/05 P *Storck v OHIM* [2006] ECR I-5719, paragraph 25, and *Develey v OHIM*, paragraph 79).

...

45. It is also settled case-law that, the criteria for assessing the distinctive character of three-dimensional trade marks consisting of the appearance of the product itself are no different from those applicable to other categories of trade mark (see, in particular, *Mag Instrument v OHIM*, paragraph

30; Case C-173/04 P *Deutsche SiSi-Werke v OHIM* [2006] ECR I-551, paragraph 27; *Storck v OHIM*, paragraph 26, and Case C-144/06 P *Henkel v OHIM* [2007] ECR I-8109, paragraph 36).

46. However, when those criteria are applied, account must be taken of the fact that the perception of the average consumer is not necessarily the same in relation to a three-dimensional mark consisting of the appearance of the product itself as it is in relation to a word or figurative mark consisting of a sign which is independent of the appearance of the products it designates. Average consumers are not in the habit of making assumptions about the origin of products on the basis of their shape or the shape of their packaging in the absence of any graphic or word element, and it could therefore prove more difficult to establish distinctive character in relation to such a three-dimensional mark than in relation to a word or figurative mark (see, in particular, *Mag Instrument v OHIM*, paragraph 30; *Deutsche SiSi-Werke v OHIM*, paragraph 28, and *Storck v OHIM*, paragraph 27).
47. In those circumstances, only a mark which departs significantly from the norm or customs of the sector and thereby fulfils its essential function of indicating origin is not devoid of any distinctive character for the purposes of Article 7(1)(b) of Regulation No 40/94 (see, in particular, *Mag Instrument v OHIM*, paragraph 31; *Deutsche SiSi-Werke v OHIM*, paragraph 31, and *Storck v OHIM*, paragraph 28).”
166. When the Court of Justice refers to “the perception of the relevant public”, as the Court stated in Case C-136/02 P *Mag Instrument Inc v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [2004] ECR I-9165 at [19]:
- “... That means the presumed expectations of an average consumer who is reasonably well informed and reasonably observant and circumspect (see, to that effect, in relation to Article 3(1)(b) of First Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to trade marks (OJ 1989 L 40, p. 1), which is identical to Article 7(1)(b) of Regulation No 40/94, Case C-218/01 *Henkel* [2004] ECR I-0000, paragraph 50 and the case-law cited there; see also Joined Cases C-456/01 P and C-457/01 P *Henkel v OHIM* [2004] ECR I-0000, paragraph 35 and the case-law cited there).”
167. In Case T-629/14 *Jaguar Land Rover Ltd v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [EU:T:2015:878], the General Court applied the principles in *Freixenet v OHIM* to a trade mark consisting of the shape of a Range Rover Evoque represented by six line drawings. In that case the applicant had applied to register the trade mark in respect of a variety of goods in Classes 12, 14 and 28. The examiner refused the application under Article 7(1)(b) in respect of certain goods

in Classes 12 and 28, but allowed it in respect of the remainder. The Second Board of Appeal allowed the applicant's appeal in respect of "apparatus for locomotion by air or water", but dismissed it as regards the remainder.

168. The General Court allowed the applicant's further appeal in respect of "vehicles for locomotion by air and water" for the following reasons:

"25. In the present case, the Board of Appeal correctly observed, in paragraph 20 of the contested decision, that the sign applied for depicts an apparatus for locomotion by land and not an apparatus for locomotion by air or water. It must, therefore, be regarded as departing significantly from the norm and customs of the sector for apparatus for locomotion by air and water and, consequently, as not being devoid of any distinctive character for the purposes of Article 7(1)(b) of Regulation No 207/2009. The Board of Appeal was therefore correct in annulling the examiner's decision as regards 'apparatus for locomotion by air or water' in Class 12 and allowing the application for registration in respect of those goods.

26. However, it must be stated that the same reasoning ought to have led the Board of Appeal also to annul the examiner's decision as regards 'vehicles for locomotion by air and water' in Class 12 and allow the application for registration in respect of those goods. The sign applied for depicts an apparatus for locomotion by land and not 'vehicles for locomotion by air and water'. It must, therefore, be regarded as departing significantly from the norm and customs of the sector for vehicles for locomotion by air and water and, consequently, as not being devoid of any distinctive character for the purposes of Article 7(1)(b) of Regulation No 207/2009. It follows that the contested decision must be annulled in so far as it refused registration of the mark applied for as regards 'vehicles for locomotion by air and water' in Class 12."

169. The General Court went on, however, to dismiss the applicant's appeal in respect of the remaining goods, and in particular vehicles for locomotion by land for reasons which it summarised at [45] as follows:

"It follows that the arguments put forward by the applicant in support of its single plea in law are not capable of calling into question the Board of Appeal's assessment that, as regards goods other than 'vehicles for locomotion by air and water' in Class 12, the mark at issue, rather than departing significantly from the norm or customs of the sector, is merely a variation of the typical shape of a car and is, therefore, devoid of any distinctive character for the purposes of Article 7(1)(b) of Regulation No 207/2009."

170. In *Bongrain SA's Trade Mark Application* [2004] EWCA Civ 1690, [2005] RPC 14 Jacob LJ, with whom Potter and Longmore LJ agreed, said:



- “25. With that I can turn to Mr Malynicz’s main point—that a very fancy shape is necessarily enough to confer an inherent distinctive character. I would reject it. As a matter of principle I do not accept that just because a shape is unusual for the kind of goods concerned, the public will *automatically* take it as denoting trade origin, as being the badge of the maker. At the heart of trade mark law is the function of a trade mark—expressed in Recital 10 of the Directive as an indication of origin. The perception of the public—of the average consumer is what matters. Mr Daniel Alexander Q.C., for the Registrar, helpfully pointed out that the kinds of sign which may be registered fall into a kind of spectrum as regards public perception. This starts with the most distinctive forms such as invented words and fancy devices. In the middle are things such as semidescriptive words and devices. Towards the end are shapes of containers. The end would be the very shape of the goods. Signs at the beginning of the spectrum are of their very nature likely to be taken as put on the goods to tell you who made them. Even containers, such as the fancy Henkel container, may be perceived as chosen especially by the maker of the contents (*e.g.* shampoo) to say ‘look—here is the product of me, the maker of the contents’. But, at the very end of the spectrum, the shape of goods as such is unlikely to convey such a message. The public is not used to mere shapes conveying trade mark significance, as the Court pointed out in *Henkel (detergent tablets)*. ...
26. As regards the sentence from *Henkel (detergent tablets)* quoted above at [13], I do not read the Court as saying—almost as an incidental matter—that a fancy shape is *ipso facto* enough for registration. Mr Malynicz suggests we read ‘thereby’ as ‘therefore’. I think the Court is saying no more than that fancy shapes—those which depart significantly from the norm—may fulfil the essential function, not that they must. The approach in *Mag Instrument* is particularly instructive. What matters is:
- ‘the presumed expectations of an average consumer’  
([7])
- In that case the fact that the shapes of the torches had in fact become well-known after the date of application was not enough to prove they had inherent distinctiveness within the meaning of Art.7(1)(b) of the Community Trade Mark Regulation (equivalent to Art.3(1)(b) of the Directive) ([64]).
27. So I think Mr Malynicz’s principal contention is wrong. Even if the shape of the goods themselves is indeed fancy, that is not enough to entitle a would-be trader in them to registration as a trade mark. (I say would-be because one is here working on the hypothesis of an unused mark.) Although a trade mark may also be a design, there are real differences between creating a

fancy shape to sell as such and a fancy shape which truly in itself will denote trade origin if used. In so holding I am not saying (and indeed Mr Alexander did not contend otherwise) that a shape of goods (including that of a cheese) cannot become a trade mark by acceptance as such by the public. Mere use may not be enough, but if it can be shown that, following such use, the average consumer has come to say: ‘by this shape I know I can rely upon getting goods from the same maker as before’, then the design of goods will also have become a trade mark. Registration pursuant to Art.3(3) would then be permissible because the shape would have acquired a distinctive character in the trade mark sense.”

171. Counsel for LTC submitted that the Court of Appeal in *Bongrain* had misinterpreted the case law of the CJEU, and that when the CJEU had said “thereby” it had indeed meant “therefore”. He did not suggest that this was *acte clair*, however. Accordingly, he accepted that *Bongrain* was binding upon me.
172. In my view counsel’s submission receives support from decisions such as *Jaguar v OHIM*. As a matter of principle, however, it seems to me that Jacob LJ’s reasoning in *Bongrain* is correct: the fact that the shape of a product is unusual is a necessary, but not a sufficient, condition for it to have inherent distinctive character. At some point this question will have to be referred to the CJEU. I do not consider it is necessary to do so in the present case, however.
173. *The relevant date*. The date as at which inherent distinctive character must be assessed is the date on which the trade mark was applied for: see Case C-192/03 P *Alcon Inc v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [2004] ECR I-8993 at [40] and Case C-332/09 P *Office for Harmonisation in the Internal Market (Trade Marks and Designs) v Frosch Touristik GmbH* [2010] ECR I-0049, and compare Case C-529/07 *Chocoladenfabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* [2009] ECR I-4893 at [35] and Case C-542/07 P *Imagination Technologies Ltd v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [2009] ECR I-4937. In the case of the CTM, this is 5 October 1998. In the case of the UKTM, it is 1 December 2006.
174. *Assessment: the CTM*. The CTM is registered for motor vehicles, accessories and parts, but as noted above both sides focused on taxis. Neither side suggested that the assessment should differ as between the countries covered by the CTM, but it is convenient to concentrate on the average consumer in the UK. Counsel for LTC submitted that both the Trade Marks looked different to other cars, and in particular looked like 1950s cars. I accept both points, but in my judgment neither suffices to establish that the CTM would be regarded as departing significantly from the norms and customs of the sector. In my view the CTM would have been perceived by the average consumer of taxis as a merely a variation of the typical shape of a taxi. I should make it clear that, if one considers the question from the perspective of the average consumer of cars, in my view the CTM would be perceived as merely a variation of the typical shape of a car. Furthermore, even if the shape was regarded as departing significantly from the norms and customs of the sector, it would not have been perceived as identifying the origin of the goods. Accordingly, I conclude that the CTM was devoid of inherent distinctive character. This assessment coincides with

that of the OHIM examiner, which LTI did not challenge by way of an appeal. I should make it clear that my assessment would not differ if, contrary to the conclusion I have reached above, the relevant average consumer consists of or includes a consumer of taxi services.

175. *Assessment: the UKTM.* The UKTM is registered for cars and only in respect of the UK. Again both sides focused on taxis. In my judgment the UKTM would also have been perceived by the average consumer of taxis as a merely a variation of the typical shape of a taxis. Again, the answer would be the same if considered from the perspective of the average consumer of cars. Furthermore, even if the shape was regarded as departing significantly from the norms and customs of the sector, it would not have been perceived as identifying the origin of the goods. Accordingly, I conclude that the UKTM was devoid of inherent distinctive character. This assessment coincides with that of the Trade Marks Registry examiner, which LTI did not challenge by way of an appeal. Again, my assessment would not differ if, contrary to the conclusion I have reached above, the relevant average consumer consists of or includes a consumer of taxi services.

*Acquired distinctive character*

176. *The law.* I reviewed the law with respect to the acquisition of distinctive character by trade marks consisting of the shape of a product in *Société des Produits Nestlé SA v Cadbury UK Ltd* [2014] EWHC 16 (Ch), [2014] ETMR 17 at [39]-[48]. For the reasons explained in that judgment, I referred the following question to the CJEU:

“In order to establish that a trade mark has acquired distinctive character following the use that had been made of it within the meaning of Article 3(3) of Directive 2008/95 ..., is it sufficient for the applicant for registration to prove that at the relevant date a significant proportion of the relevant class of persons recognise the mark and associate it with the applicant’s goods in the sense that, if they were to consider who marketed goods bearing that mark, they would identify the applicant; or must the applicant prove that a significant proportion of the relevant class of persons rely upon the mark (as opposed to any other trade marks which may also be present) as indicating the origin of the goods?”

177. The Court of Justice ruled in Case C-215/14 [EU:C:2015:604], [2015] ETMR 50 that the answer to this question was as follows:

“In order to obtain registration of a trade mark which has acquired a distinctive character following the use which has been made of it within the meaning of Article 3(3) of Directive 2008/95, regardless of whether that use is as part of another registered trade mark or in conjunction with such a mark, the trade mark applicant must prove that the relevant class of persons perceive the goods or services designated exclusively by the mark applied for, as opposed to any other mark which might also be present, as originating from a particular company.”

178. I heard argument as to how this answer should be interpreted both in the present case and in *Société des Produits Nestlé SA v Cadbury UK Ltd*. I have set out my analysis in my second judgment in the latter case [2016] EWHC 50 (Ch) at [45]-[60]. In summary, in order to demonstrate that a sign has acquired distinctive character, the applicant or trade mark proprietor must prove that, at the relevant date, a significant proportion of the relevant class of persons perceives the relevant goods or services as originating from a particular undertaking *because of* the sign in question (as opposed to any other trade mark which may also be present).
179. *The relevant date.* Counsel for LTC submitted that the relevant date was the date of the trial. I do not accept this. Although I cannot find any authority on the point, as a matter of principle I consider that the relevant date with respect to both the CTM and the UKTM must be the date of the Defendants' counterclaim, namely 2 May 2014. Otherwise the assessment could depend on how quickly the case was tried. There is no reason to think that this would make a difference in the present case, however.
180. *Assessment.* Although in principle the questions of whether the CTM and the UKTM had acquired a distinctive character by the relevant date must be separately assessed, both counsel argued them together and I shall follow their example.
181. It is important to emphasise before going any further that LTC's case on acquired distinctive character is focused on the proposition that the Trade Marks had become distinctive to a significant proportion of consumers of taxi services in the UK (or at least residents of, and visitors to, London). Counsel for LTC did not contend that, if the Trade Marks had not become distinctive to consumers of taxi services, they had nevertheless become distinctive to taxi drivers. I have already concluded that the relevant average consumer is a taxi driver, and not a consumer of taxi services. I shall therefore undertake an assessment from the perspective of the average taxi driver before turning to consider LTC's case. I shall do so by reference to the criteria specified in the case law of the CJEU.
182. *The market share held by goods bearing the mark.* This depends on what one takes to be relevant market. Even if one assumes in favour of LTC that the relevant market is taxis suitable for use as licensed London taxis, then as at May 2014 the share of the market for new vehicles held by goods bearing the CTM and the UKTM was nil, since neither the Fairway nor the TX1/TXII was still in production. As for licensed London taxis which were in use, taking the TfL data for June 2014, which are the nearest to the date of the counterclaim available, there were 16 Fairways (0.1%), 5125 TX1s (22.3%) and 6238 TXIIs (27.1%) out of 23,022. Thus about half of all licensed London taxis on the road were TX1/TXIIs, but virtually none of them were Fairways.
183. *How intense, geographically widespread and longstanding the use of the mark has been.* The only use of the CTM and the UKTM was through sale of the vehicles in question. The extent of the use was mainly in greater London, although some vehicles were sold to and used by taxi drivers in other British cities. The use had lasted from 1989 to 1997 (Fairway/CTM) and from 1997 to 2006 (TX1 and TXII/UKTM). Mr Johansen's evidence was that it was reasonable to estimate that a total of 16,507 Fairways and 23,894 TX1/TXIIs had been sold. The taxis continued to be used for some 15 years after sale.

184. *The amount invested by the proprietor in promoting the mark.* Mr Johansen set out in the Appendix to his first witness statement LTI's total expenditure on advertising during the relevant period. From 1991 to 1998 (six months only) the annual expenditure ranged from £140,767 to £221,488; from 2003 to 2007 (part of the year) it ranged from £477,000 to £600,000. Much of this advertising was in the form of brochures and advertisements in the trade press. These are not particularly large sums, although they are far from negligible. More importantly, however, none of this advertising was specific to the shapes of the vehicles.
185. The nearest thing to such advertising which LTI engaged in was advertisements placed on the back of the tip-up seats of vehicles at the time of sale. By way of example, from about January to September 2005, an advertisement was placed on TXII tip-up seats headed "The World's Most Famous Taxi" with the strapline "Building a British Icon" and a photograph of the front of a TXII. Underneath the photograph was text which included the statements "Purpose-built and distinctive" and "A Great British Icon!". At the bottom of the advertisement was the LTI trade mark set out in paragraph 76 above. In my view there is nothing in this advertisement which conveys the message that the shape of the TXII denotes its trade origin.
186. LTC places considerable reliance upon the fact that London taxis generally, and its taxis specifically, have frequently been described by journalists and others as "iconic" or "icons of London" or the like. Mr Johansen exhibited a reasonably substantial collection of articles and other materials of this nature. In my view this evidence does not assist LTC, however. In context, it is clear that all such descriptions mean is that LTC's taxis are well known, regarded with affection and identified with London.
187. Mr Johansen also drew attention in his evidence to various ways in which LTC's taxis had received prominent exposure in the media. Perhaps the best example of this, although by no means the only one, is the closing ceremony of the London Olympics in 2012, which featured a fleet of Fairways and TX4s. The BBC1 coverage of the closing ceremony was watched by 22.9 million viewers in the UK alone, and many millions more worldwide. I accept that exposure like this will have increased the familiarity of consumers, particularly consumers who are visitors to, rather than resident in, London, with the shapes of LTC's taxis. I do not accept that it will have done anything to educate them that those shapes denoted the source of those taxis.
188. *Evidence from trade and professional associations.* LTC has not adduced any evidence from any trade or professional association.
189. *Opinion polls.* LTC has not adduced any opinion poll (survey) evidence.
190. *The proportion of the relevant class of persons who, because of the mark, perceive the goods or services as emanating from the proprietor.* As can be seen from the judgment of the Court of Justice in *Nestlé v Cadbury*, this is the key question. There is no direct evidence that any taxi drivers perceive taxis embodying the CTM or UKTM as emanating from LTI/LTC because of their shapes as opposed to the conventional trade marks under and by reference to which the vehicles are sold. Although LTC adduced evidence from a number of taxi drivers (and taxi fleet owners), none of them gave evidence which went this far. Still less is there any evidence which establishes that a substantial proportion of taxi drivers perceive taxis embodying the CTM or UKTM as emanating from LTI/LTC because of their shapes.

191. *Overall.* Overall, I conclude that LTC has not demonstrated that either of the Trade Marks had acquired distinctive character amongst a substantial proportion of taxi drivers in the UK (or even in London) as at May 2014.
192. *LTC's case with respect to consumers of taxi services.* Counsel for LTC accepted that there was no direct evidence that the appearance of the Fairway (the CTM) and the TX1/TXII (the UKTM) had become distinctive of the source of those taxis to a substantial proportion of consumers of taxi services even in London. (For example, there is no survey evidence.) Nevertheless, he submitted that this should be inferred from a combination of four factors:
- i) the fact that LTI and LTC have had a *de facto* monopoly of taxis having a similar appearance in London for decades;
  - ii) the absence of anything other than shape which could indicate trade origin;
  - iii) the fact that LTI and LTC had had a policy to preserve the distinctive appearance of their taxis through successive models;
  - iv) the steps taken by LTI and LTC to educate the public.
193. In my judgment none of these factors, whether individually or in combination, justifies the inference that consumers of taxi services identify the source of LTC's taxis because of the shape of those taxis. Considering them in turn:
- i) In fact LTI and LTC have not had a monopoly since December 1986 when the old Metrocab was launched. Although production of the old Metrocab was intermittent and on a small scale from December 2000 onwards, and ceased in August 2006, substantial numbers of old Metrocabs remained in use on the streets of London after that down to December 2014. LTI and LTC made no complaint of trade mark infringement or passing off in respect of the old Metrocab. It follows that LTI and LTC must be taken to have accepted that the shape of the old Metrocab did not deceive the public. It is true that the shape of the Metrocab was noticeably different to that of LTC's taxis, but nevertheless it follows that, if and to the extent that consumers of taxi services care about the trade origin of taxis they hired, they will have learnt that licensed London taxis of a different shape to LTC's taxis had a different origin.
  - ii) In fact the trade origin of LTC's taxis is and always has been indicated in the convenient manner in which the origin of cars and other vehicles, namely by means of badges on the front and rear of the vehicles bearing the trade marks set out in paragraph 76 above. It is fair to say that neither LTI nor LTC have particularly well-known badges (or even names), but nevertheless anyone who cared about the origin of an LTC taxi could rapidly find out by looking at the badge.
  - iii) I accept that LTI's approach to the design of their taxis from the Fairway to the TX4 was an evolutionary one, which involved the introduction of successive models that represented an update on the appearance of the previous model rather than a complete break from it. But at best, from LTC's perspective, all this shows is that taxi drivers wanted, and LTC knew they wanted, vehicles

which would be recognisable by consumers of taxi services as licensed London taxis. It does not show that consumers of taxi services relied upon the appearance of LTC's taxis.

- iv) I accept that LTI and LTC have taken steps to educate the public that they were the manufacturers of their taxis, but LTI and LTC did not take any steps to educate the public that the shape of their taxis denoted the trade origin of those taxis.

194. Over and above these individual points, in my judgment the fundamental difficulty with LTC's case is that there is no reason why consumers of taxi services should care about the origin of the taxis driven by taxi drivers. I accept that the evidence shows that consumers of taxi services in London have, to a greater or lesser extent, preconceptions about what a licensed London taxi looks like which have, to a greater or lesser extent, been influenced by the presence on London's streets of LTC's taxis. But provided that a vehicle is a licensed London taxi, that it sufficiently conforms to those preconceptions and that it is sufficiently comfortable and reliable, the identity of the manufacturer is surely a matter of indifference to consumers of taxi services.
195. *Conclusion.* Even if the relevant average consumer consists of or includes a consumer of taxis services, as LTC contends, I conclude that LTC has not demonstrated that either of the Trade Marks had acquired a distinctive character as at May 2014.

#### Validity of the Trade Marks: substantial value

196. The Defendants contend that both of the Trade Marks should be declared to have been invalidly registered on the ground that they consist exclusively of the shape which gives substantial value to the goods. As is common ground, this objection, if well founded, cannot be overcome by showing that the Trade Marks have, or have acquired, a distinctive character.

#### *The law*

197. What is now Article 3(1)(e)(iii) of the Directive was considered by the CJEU in Case C-205/13 *Hauck GmbH & Co KG v Stokke A/S*. That case concerned a Benelux trade mark for the shape of a children's chair marketed by Stokke under the name Tripp Trapp. Tripp Trapp chairs had been marketed in Scandinavia since 1972 and in the Netherlands since 1995. The design of the chair had won a number of prizes and had been displayed in museums. Stokke brought proceedings against Hauck in the Netherlands both for copyright infringement and for infringement of the trade mark. The District Court and Court of Appeal of The Hague held that the design was protected by copyright which Hauck had infringed, but that the trade mark was invalid because the mark consisted of the shape which gave the product substantial value.
198. The Hoge Raad (Dutch Supreme Court) referred three questions to the CJEU concerning Article 3(1)(e) of the Directive, of which only the second is relevant for present purposes:
- “(a) Does the ground for refusal or invalidity in [the third indent of] Article 3(1)(e) of Directive [89/104], namely, that [three-dimensional] trade marks may not consist exclusively of a shape

which gives substantial value to the goods, refer to the motive (or motives) underlying the relevant public's decision to purchase?

- (b) Does a 'shape which gives substantial value to the goods' within the meaning of the aforementioned provision exist only if that shape must be considered to constitute the main or predominant value in comparison with other values (such as, in the case of high chairs for children, safety, comfort and reliability) or can it also exist if, in addition to that value, other values of the goods exist which are also to be considered substantial?
- (c) For the purpose of answering Questions 2(a) and 2(b), is the opinion of the majority of the relevant public decisive, or may the court rule that the opinion of a portion of the public is sufficient in order to take the view that the value concerned is 'substantial' within the meaning of the aforementioned provision?
- (d) If the latter option provides the answer to Question 2(c), what requirement should be imposed as to the size of the relevant portion of the public?"

199. In his Opinion [EU:C:2014:332] Advocate General Szpunar first considered the legal rationale of all three objections in Article 3(1)(e) of the Directive. He concluded at [39] that these objections:

"... serve to protect fair competition by making it impossible to monopolise the basic characteristics of a product which are essential from the point of view of effective competition on the market concerned. In particular, they also serve to maintain the balance of interests which the legislature established by placing a time-limit on the protection conferred by certain other intellectual property rights."

200. Having considered the first question referred by the Hoge Raad, which concerned what is now Article 3(1)(e)(i) of the Directive, the Advocate General turned to the second question. Having noted that what is now Article 3(1)(e)(iii) was not clearly worded, he observed at [70] (footnote omitted):

"I have the impression that all the interpretations of the third indent of Article 3(1)(e) that have been considered in academic writings and case-law are based on similar teleological premises. Those considerations arise from the assumption that the purpose of prohibiting the registration of shapes which give substantial value to the product is to demarcate the protection conferred by trade marks and that conferred by other intangible assets (subject to protection on the basis of industrial designs and copyright). Therefore, in making an interpretation of the provision at issue, it is necessary to try to preclude a situation where a trade mark right is exercised exclusively for purposes which other intellectual property rights serve to attain."



201. The Advocate General went on to note that the adoption of similar teleological premises had not resulted in a uniform interpretation of this provision. Two views had emerged in case law, one in the case law of the German courts and the other in the case law of the OHIM Boards of Appeal which had been endorsed by the General Court in Case T-508/08 *Bang & Olufson A/S v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [2011] ECR II-6975. According to the first view, the provision precluded the registration of shapes in which the aesthetic quality of the product expressed in its shape was so significant that the principal function of the trade mark, which was to indicate a particular origin, lost its relevance. According to this interpretation, the ground of objection related primarily to works of art or applied art and products which performed a solely decorative function. According to the second view, the fact that other characteristics of the goods, such as their technical qualities in the case of a loudspeaker, gave substantial value to the goods does not preclude the shape from giving substantial value to the goods.
202. The Advocate General stated that he had doubts about the first view and went on:
- “79. In my view, the interpretation of that provision must seek to confer on it a meaning which is compatible with the general objective pursued by Article 3(1)(e) of Directive 89/104. That provision serves to ensure that the protection conferred by the trade mark is not used for a purpose other than that for which it was laid down, and in particular that it is not used to gain an unfair market advantage which does not result from competition based on price and quality.
80. As I read it, the ground contained in the third indent of Article 3(1)(e) is designed to prevent the monopolisation of the external features of goods which do not perform a technical or practical function and at the same time substantially enhance the attractiveness of goods and strongly influence consumer preferences.
81. On that interpretation, the scope of the ground laid down in the third indent of the provision at issue does not merely cover works of art or functional art. It also extends to all other practical objects in respect of which design is one of the fundamental elements which determine their attractiveness, and thus the market success of the goods concerned.
- ...
85. The interpretation of that provision which I am proposing takes account of the fact that a particular product may perform multiple functions. There is no doubt that in addition to its original practical function (for example, a loudspeaker as an appliance for listening to music) a product can also satisfy other consumer needs. It is conceivable that a substantial value of the product results not only from the features which serve to carry out its practical function but also from its aesthetic qualities (for example, a loudspeaker can also perform a

decorative function). The fact that a particular product performs a decorative as well as a practical function does not, in my opinion, rule out the possibility of applying the third indent of Article 3(1)(e) of Directive 89/104. ...”

203. Turning to the question of how the shape in question was perceived by the average consumer, the Advocate General expressed the view that it was necessary to take this into account, but he went on at [93]:

“ ... the perception of the shape concerned by the consumer is not the decisive assessment criterion. It constitutes one of several, fundamentally objective facts which demonstrate that the aesthetic characteristics of a shape affect the attractiveness of the goods to such an extent that the reservation thereof to a single undertaking would distort competition on the market concerned. Other such circumstances are, for example: the nature of the category of goods under consideration, the artistic value of the shape concerned, its dissimilarity from other shapes in common use on the market concerned, a substantial price difference in relation to other competing products with similar characteristics, and the development by the manufacturer of a promotion strategy emphasising principally the aesthetic characteristics of the goods concerned.”

204. Accordingly, the Advocate General proposed that the second question be answered as follows:

“The term shape ‘which gives substantial value to the goods’ within the meaning of the third indent of Article 3(1)(e) of that directive relates to a shape whose aesthetic characteristics constitute one of the principal elements determining the market value of the product concerned, which is at the same time one of the reasons for the consumer’s decision to purchase. That interpretation does not preclude the goods from having other characteristics which are important to the consumer.

The perception of the average consumer is one of the circumstances which must be taken into consideration in assessing the application of the ground for refusal under consideration. Those circumstances include, inter alia, the nature of the category of goods under consideration, the artistic value of the shape concerned, its dissimilarity from other shapes in common use on the market concerned, the substantial price difference in relation to competing products, and a promotion strategy emphasising principally the aesthetic characteristics of the goods concerned. None of those circumstances is decisive per se.”

205. In its judgment [EU:C:2014:223], [2014] Bus LR 1284 the Court of Justice began at [28] by reformulating the second question as follows:

“By its second question, the referring court asks, in essence, whether the third indent of Article 3(1)(e) of the trade marks directive is to be interpreted as meaning that the ground for refusal of registration set out in that provision may apply to a sign which consists exclusively of the shape of a product with several characteristics each of which may give that product substantial value and if it is necessary to take the target public’s perception of the shape of that product into account during that assessment.”

206. The Court of Justice’s consideration of this question was rather briefer than that of the Advocate General, but it endorsed his analysis:

“30. In that regard, the fact that the shape of a product is regarded as giving substantial value to that product does not mean that other characteristics may not also give the product significant value.

31. Thus, the aim of preventing the exclusive and permanent right which a trade mark confers from serving to extend indefinitely the life of other rights which the EU legislature has sought to make subject to limited periods requires — as the Advocate General observed in point 85 of his Opinion — that the possibility of applying the third indent of Article 3(1)(e) of the trade marks directive not be automatically ruled out when, in addition to its aesthetic function, the product concerned also performs other essential functions.

32. Indeed, the concept of a ‘shape which gives substantial value to the goods’ cannot be limited purely to the shape of products having only artistic or ornamental value, as there is otherwise a risk that products which have essential functional characteristics as well as a significant aesthetic element will not be covered. In that case, the right conferred by the trade mark on its proprietor would grant that proprietor a monopoly on the essential characteristics of such products, which would not allow the objective of that ground for refusal to be fully realised.

...

34. The presumed perception of the sign by the average consumer is not a decisive element when applying the ground for refusal set out in the third indent of the latter provision, but may, at most, be a relevant criterion of assessment for the competent authority in identifying the essential characteristics of that sign (see, to that effect, judgment in *Lego Juris v OHIM*, EU:C:2010:516, paragraph 76).

35. In that regard, as the Advocate General indicated in point 93 of his Opinion, other assessment criteria may also be taken into

account, such as the nature of the category of goods concerned, the artistic value of the shape in question, its dissimilarity from other shapes in common use on the market concerned, a substantial price difference in relation to similar products, and the development of a promotion strategy which focuses on accentuating the aesthetic characteristics of the product in question.

36. In the light of the foregoing, the answer to the second question is that the third indent of Article 3(1)(e) of the trade marks directive must be interpreted as meaning that the ground for refusal of registration set out in that provision may apply to a sign which consists exclusively of the shape of a product with several characteristics each of which may give that product substantial value. The target public's perception of the shape of that product is only one of the assessment criteria which may be used to determine whether that ground for refusal is applicable.”
207. Counsel for LTC relied upon the decision of the General Court in Case T-450/09 *Simba Toys GmbH & Co KG v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [EU:T:2014:983], [2015] ETMR 15. Even though that decision was issued after *Hauck*, however, there is no reference to *Hauck* in the relevant part of the decision. It follows that, if it says anything different to *Hauck*, it cannot be regarded as authoritative. If it does not say anything different, then it adds nothing. I also note that an appeal is pending before the CJEU under reference C-30/15 P.
208. More importantly, counsel for LTC also relied upon the observations of Kitchin J (as he then was) in *Julius Sämann Ltd v Tetrosyl Ltd* [2006] EWHC 529 (Ch), [2006] FSR 42:
- “98. In [Case C-299/99 *Koninklijke Philips Electronics NV v Remington Consumer Products Ltd* [2002] ECR I-5475] Advocate General Ruiz-Carabo Colomer stated in his Opinion ... at [30]:
- ‘The immediate purpose in barring registration of merely functional shapes or shapes which give substantial value to the goods is to prevent the exclusive and permanent right which a trade mark confers from serving to extend the life of other rights which the legislature has sought to make subject to limited periods. I refer, specifically, to the legislation on industrial patents and designs.’
99. This is helpful guidance. However, many aspects of shape are protectable by a wide variety of design laws and accordingly regard must therefore be had to the express requirement that the shape must add *substantial* value. The importance of this

was recognised by the Court of Appeal in *Philips* [1999] R.P.C. 809 where Aldous L.J. said at 822–833:

‘The subsection is only concerned with shapes having “substantial value”. That requires a conclusion as to whether the value is substantial, which in my view requires that a comparison has to be made between the shape sought to be registered and the shapes of equivalent articles. It is only if the shape sought to be registered has, in relative terms, substantial value that it will be excluded from registration.

In the present case, the shape registered by Philips has a substantial reputation built up by advertising and reliability and the like. That in my view is not relevant. What has to be considered is the shape as a shape. If that is done I do not believe that the evidence established that the registered shape has any more value than other shapes which were established to be as good as and as cheap as that which is registered ...’

100. Two important points emerge from this passage. First, the mark may have a large goodwill associated with it derived from sales and advertising. This will no doubt have a substantial value. But it is not relevant. It is the shape itself which must add substantial value. Secondly, it is relevant to make a comparison with the shapes of equivalent articles. It is only if the shape in issue has a high value relative to such other shapes that it will be excluded from registration.”
209. These observations must now be read in the light of the subsequent case law, and in particular *Hauck*. Nevertheless, I agree with Kitchin J that it is the shape itself which must add substantial value to the goods and that goodwill derived from sales and advertising is not relevant. I also agree that it is relevant to compare the shape with the shapes of equivalent articles, although in the light of *Hauck* I doubt that it is correct to say that it is only if the shape has a high value relative to such other shapes that it will be excluded from registration.

#### *The relevant date*

210. The relevant date for assessment is the date of application.

#### *Assessment*

211. Neither side differentiated between the Trade Marks in their submissions. Given the similarity between the respective shapes and the goods, this is unsurprising. In principle, however, the Trade Marks should be considered separately. For reasons that will appear, it is convenient to consider the UKTM first.
212. *The UKTM*. As noted above, the shape which is the subject of the UKTM is also registered as a design. Although neither the Advocate General nor the Court of Justice

expressly mentioned this as a relevant factor in *Hauck*, in my judgment it is implicit from their reasoning that it is a relevant, although not determinative, consideration. Both the Advocate General and the Court of Justice in *Hauck* held that a key purpose of Article 3(1)(e)(iii) of the Directive was to prevent trade marks from being used indefinitely to extend the time-limited protection of other intellectual property rights. Thus the position is analogous to the situation where the shape has been patented, which the Court of Justice held to be relevant to an objection under Article 3(1)(e)(ii) in Case C-48/09 P *Lego Juris A/S v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [2010] ECR I-8403 at [46], [71]-[74].

213. So far as the other factors mentioned by the Advocate General at [93] are concerned, my assessment is as follows:
- i) Consumer perception: by 1 December 2006 the TX1 had been on sale for over nine years. As I have said above, any goodwill generated by such sales must be disregarded. It does not follow that the UKTM must be treated as if it were an unused mark. It is implicit in LTC's own case that, as at that date, the average consumer in the UK would recognise the shape as that of a London taxi. The shape is thus one which consumers placed a value on.
  - ii) The category of the goods: the goods in question are cars. It is well-recognised that car body shapes have aesthetic qualities as well as functional ones. Furthermore, there is ample evidence that many people preferred the rounded shape of the TX1 to the more angular Metrocab (although some preferred the Metrocab).
  - iii) The artistic value of the shape: it is LTC's own case and evidence that the design of the TX1, like the other LTI/LTC designs, was regarded as "iconic" and a "design classic".
  - iv) The dissimilarity of the shape from other shapes in common use: it is common ground that, apart from LTI's predecessor vehicles, the shape of the TX1 was dissimilar to that of other cars in December 2006.
  - v) The price of the goods: LTC relies strongly on the fact that its taxis do not command a price premium compared to other taxis. Thus Mr Johansen gave unchallenged evidence (based on information from Mr Overton) that the pricing of the Fairway and TX1 had always been competitive with that of the old Metrocab. Specifically, Mr Johansen was able to produce price lists for the TX1 and Metrocab TTT dating from March 2000 showing that the entry level TX1 was slightly cheaper than the cheapest Metrocab TTT. Similarly, the TX4 is currently less expensive than the Vito. On the other hand, all of these vehicles were and are quite expensive compared to ordinary saloons. There is little evidence as to the reasons for these differences. The most one can say is that the appearance of the vehicle does not appear to be a significant factor.
  - vi) The manufacturer's promotional strategy: as discussed above, by December 2006 LTC was promoting its taxis as being "iconic", and at least to that extent emphasising their appearance.

214. Taking all of the factors into consideration, the conclusion I draw is that the shape of the TX1 did add substantial value to the goods. Furthermore, I consider that upholding this objection to the validity of the UKTM would be consistent with the purpose of Article 3(1)(e)(iii) as explained by the Advocate General and the Court of Justice in *Hauck*, since it would prevent LTC obtaining a permanent monopoly in respect of the shape of the TX1, rather than a 25-year monopoly by virtue of the registered design.
215. *The CTM*. Unlike in the case of the UKTM, the shape which is the subject of the CTM is not, and never has been, protected by a registered design. On the other hand, clearly it could have been. So far as the other factors considered above are concerned, the position is much the same. It is only necessary to consider the shape from the perspective of the average consumer in the UK. By October 1998 the Fairway had also been on the market for over nine years. Again it is implicit in LTC's own case that it would have been recognised as a London taxi, and regarded as iconic. Overall, my conclusion is the same: the shape added substantial value to the goods. Furthermore, upholding the objection is consistent with the purpose of Article 7(1)(e)(iii) since it prevents LTC from obtaining a permanent monopoly in the shape rather than the 25-year monopoly available through registration of a design.

#### Revocation of the CTM

216. The Defendants contend that the CTM should be revoked for five years' non-use pursuant to Articles 15(1) and 51(1)(a) of the Regulation. The five year period in question is the five years preceding the Defendants' counterclaim (not the five years preceding the claim form, as counsel for the Defendants rather oddly submitted). Accordingly, the five year period runs from 30 April 2009 to 1 May 2014. It is common ground that the burden lies on LTC to establish genuine use of the CTM during this period. LTC contends that it did make genuine use of the mark during this period through sales and other disposals of used Fairway taxis. In the alternative, LTC relies upon sales during this period of TX1, TXII and TX4 taxis as being use of the CTM in a form differing in elements which do not alter the distinctive character of the CTM.

#### *Use of the CTM itself*

217. *The law with respect to genuine use*. In *Stichting BDO v BDO Unibank Inc* [2013] EWHC 418 (Ch), [2013] FSR 35 I set out at [51] a helpful summary by Anna Carboni sitting as the Appointed Person in *SANT AMBROEUS Trade Mark* [2010] RPC 28 at [42] of the jurisprudence of the CJEU in Case C-40/01 *Ansul BV v Ajax Brandbeveiliging BV* [2003] ECR I-2439, Case C-259/02 *La Mer Technology Inc v Laboratories Goemar SA* [2004] ECR I-1159 and Case C-495/07 *Silberquelle GmbH v Maselli-Strickmode GmbH* [2009] ECR I-2759 (to which I added references to Case C-416/04 P *Sunrider Corp v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [2006] ECR I-4237). I also referred at [52] to the judgment of the CJEU in Case C-149/11 *Leno Marken BV v Hagelkruis Beheer BV* [EU:C:2012:816], [2013] ETMR 16 on the question of the territorial extent of the use. Since then the CJEU has issued a reasoned Order in Case C-141/13 *P Reber Holding & Co KG v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [EU:C:2014:2089] and that Order has been persuasively analysed by Professor Ruth

Annand sitting as the Appointed Person in *SdS InvestCorp AG v Memory Opticians Ltd* (O/528/15).

218. An important preliminary point to which Prof Annand draws attention in her decision is that, whereas the English versions of Articles 10(1) and 12(1) of the Directive and Articles 15(1) and 51(1)(a) of the Regulation use the word “genuine”, other language versions use words which convey a somewhat different connotation: for example, “ernsthaft” (German), “efectivo” (Spanish), “sérieux” (French), “effettivo” (Italian), “normaal” (Dutch) and “sério/séria” (Portuguese). As the Court of Justice noted in *Ansul* at [35], there is a similar difference in language in what is now recital (9) of the Directive.
219. I would now summarise the principles for the assessment of whether there has been genuine use of a trade mark established by the case law of the Court of Justice, which also includes Case C-442/07 *Verein Radetsky-Order v Bunderysvereinigung Kamaradschaft ‘Feldmarschall Radetsky’* [2008] ECR I-9223 and Case C-609/11 *Centrotherm Systemtechnik GmbH v Centrotherm Clean Solutions GmbH & Co KG* [EU:C:2013:592], [2014] ETMR 7, as follows:
- (1) Genuine use means actual use of the trade mark by the proprietor or by a third party with authority to use the mark: *Ansul* at [35] and [37].
  - (2) The use must be more than merely token, that is to say, serving solely to preserve the rights conferred by the registration of the mark: *Ansul* at [36]; *Sunrider* at [70]; *Verein* at [13]; *Centrotherm* at [71]; *Leno* at [29].
  - (3) The use must be consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of the goods or services to the consumer or end user by enabling him to distinguish the goods or services from others which have another origin: *Ansul* at [36]; *Sunrider* at [70]; *Verein* at [13]; *Silberquelle* at [17]; *Centrotherm* at [71]; *Leno* at [29].
  - (4) Use of the mark must relate to goods or services which are already marketed or which are about to be marketed and for which preparations to secure customers are under way, particularly in the form of advertising campaigns: *Ansul* at [37]. Internal use by the proprietor does not suffice: *Ansul* at [37]; *Verein* at [14]. Nor does the distribution of promotional items as a reward for the purchase of other goods and to encourage the sale of the latter: *Silberquelle* at [20]-[21]. But use by a non-profit making association can constitute genuine use: *Verein* at [16]-[23].
  - (5) The use must be by way of real commercial exploitation of the mark on the market for the relevant goods or services, that is to say, use in accordance with the commercial *raison d’être* of the mark, which is to create or preserve an outlet for the goods or services that bear the mark: *Ansul* at [37]-[38]; *Verein* at [14]; *Silberquelle* at [18]; *Centrotherm* at [71].
  - (6) All the relevant facts and circumstances must be taken into account in determining whether there is real commercial exploitation of the mark, including: (a) whether such use is viewed as warranted in the economic sector concerned to maintain or create a share in the market for the goods and



services in question; (b) the nature of the goods or services; (c) the characteristics of the market concerned; (d) the scale and frequency of use of the mark; (e) whether the mark is used for the purpose of marketing all the goods and services covered by the mark or just some of them; (f) the evidence that the proprietor is able to provide; and (g) the territorial extent of the use: *Ansul* at [38] and [39]; *La Mer* at [22]-[23]; *Sunrider* at [70]-[71], [76]; *Centrotherm* at [72]-[76]; *Reber* at [29], [32]-[34]; *Leno* at [29]-[30], [56].

- (7) Use of the mark need not always be quantitatively significant for it to be deemed genuine. Even minimal use may qualify as genuine use if it is deemed to be justified in the economic sector concerned for the purpose of creating or preserving market share for the relevant goods or services. For example, use of the mark by a single client which imports the relevant goods can be sufficient to demonstrate that such use is genuine, if it appears that the import operation has a genuine commercial justification for the proprietor. Thus there is no *de minimis* rule: *Ansul* at [39]; *La Mer* at [21], [24] and [25]; *Sunrider* at [72]; *Leno* at [55].
- (8) It is not the case that every proven commercial use of the mark may automatically be deemed to constitute genuine use: *Reber* at [32].

220. *The law with respect to sales of used (i.e. second-hand) goods.* As explained in more detail below, an issue which arises in the present case is whether sales of used vehicles bearing the trade mark by the trade mark proprietor are sufficient to constitute genuine use of the trade mark. This involves two questions: first, does this amount to use of the trade mark at all; and secondly, if so, does it amount to genuine use?
221. So far as the first question is concerned, Article 7 of the Directive and Article 13 of the Regulation provide that a trade mark does not entitle its proprietor to prohibit its use in relation to goods which have been put on the market in the European Union by the proprietor of the trade mark or with his consent (unless there are legitimate reasons for the proprietor to oppose further commercialisation of the goods). In those circumstances, the proprietor's rights in the trade mark are exhausted. It follows that, once goods bearing a trade mark have been sold by the proprietor, those goods can be freely resold by any trader in such goods without such acts constituting an infringement of the trade mark. It does not necessarily follow that such acts would not constitute use of the trade mark by such traders. Indeed, Article 7 of the Directive and Article 13 of the Regulation appear to proceed on the basis that such acts would constitute use of the trade mark. If sales of used goods bearing the trade mark *by third parties* would constitute use of the trade mark for the purpose of determining whether such acts would constitute an infringement, then it may be asked why sales of such goods *by the trade mark proprietor* should not also constitute use of the trade mark for the purpose of defeating a claim for revocation of the trade mark. On the other hand, it may be asked why simply re-selling goods which the proprietor may have originally sold many years before should suffice for the latter purpose. This raises the difficult issue of whether the meaning of the word "use" is always the same in the Directive and Regulation regardless of the context.
222. I would add that a business which retails used vehicles under a trade mark may (subject to the effect of Case C-418/02 *Praktiker Bau- und Heimwerkermärkte AG*

[2005] ECR I-5873 and Case C-421/13 *Apple Inc v Deutsches Patent- und Markenamt* [EU:C:2014:2070], [2015] ETMR 48) be able to register that trade mark in respect of the service of retailing used vehicles, or at least for associated services such as reconditioning the vehicles, servicing them, cleaning them, providing warranties and so on. It does not follow that, by using that trade mark in relation to those services, the business would be using the trade mark in relation to the vehicles themselves.

223. For the reasons indicated above, the question of whether sales of used vehicles bearing a trade mark by the proprietor constitutes use of the trade mark for the purposes of defeating a claim for revocation for non-use is a difficult question of law. Moreover, it is one which would ultimately have to be resolved by the CJEU. Since it is not necessary for me to try to answer it in the present case, I will not do so. I will simply assume that such acts do amount to use of the trade mark.
224. Turning to the question of whether such acts amount to genuine use, in *Ansul* the defendant was the proprietor of a registration for the word MINIMAX in respect of fire extinguishers and associated products. In 1988 the authorisation for the fire extinguishers sold by the defendant under the mark expired. Accordingly, since at the latest 2 May 1989 the defendant had no longer sold fire extinguishers under the trade mark. From May 1989 to 1994 the defendants sold component parts and extinguishing substances for fire extinguishers bearing the mark to undertakings which maintained them. During the same period the defendants also maintained, checked and repaired equipment bearing the trade mark itself, used the mark on invoices relating to those services and affixed stickers and strips bearing the mark to the equipment. The defendant also sold such stickers and strips to undertakings which maintained fire extinguishers. The Hoge Raad referred questions to the Court of Justice concerning the interpretation of the concept of genuine use, and in particular whether there could be genuine use in those circumstances.
225. In its judgment the Court of Justice held as follows:
  - “40. Use of the mark may also in certain circumstances be genuine for goods in respect of which it is registered that were sold at one time but are no longer available.
  41. That applies, *inter alia*, where the proprietor of the trade mark under which such goods were put on the market sells parts which are integral to the make-up or structure of the goods previously sold, and for which he makes actual use of the same mark .... Since the parts are integral to those goods and are sold under the same mark, genuine use of the mark for those parts must be considered to relate to the goods previously sold and to serve to preserve the proprietor's rights in respect of those goods.
  42. The same may be true where the trade mark proprietor makes actual use of the mark, under the same conditions, for goods and services which, though not integral to the make-up or structure of the goods previously sold, are directly related to those goods and intended to meet the needs of customers of

those goods. That may apply to after-sales services, such as the sale of accessories or related parts, or the supply of maintenance and repair services.”

226. As can be seen, this reasoning is rather specific to the facts of that case. In my judgment it cannot be concluded from this that simply re-selling used goods bearing a trade mark either definitely does or definitely does not amount to genuine use of that trade mark.
227. *The law with respect to genuine use in the Community.* Whereas a national mark needs only to have been used in the Member State in question, in the case of a Community trade mark there must be genuine use of the mark “in the Community”. In this regard, the Court of Justice has laid down additional principles to those summarised above which I would summarise as follows:
- (9) The territorial borders of the Member States should be disregarded in the assessment of whether a trade mark has been put to genuine use in the Community: *Leno* at [44], [57].
  - (10) While it is reasonable to expect that a Community trade mark should be used in a larger area than a national trade mark, it is not necessary that the mark should be used in an extensive geographical area for the use to be deemed genuine, since this depends on the characteristics of the goods or services and the market for them: *Leno* at [50], [54]-[55].
  - (11) It cannot be ruled out that, in certain circumstances, the market for the goods or services in question is in fact restricted to the territory of a single Member State, and in such a case use of the Community trade mark in that territory might satisfy the conditions for genuine use of a Community trade mark: *Leno* at [50].
228. Since the decision of the Court of Justice in *Leno* there have been a number of decisions of OHIM Boards of Appeal, the General Court and national courts with respect to the question of the geographical extent of the use required for genuine use in the Community. It does not seem to me that a clear picture has yet emerged as to how the broad principles laid down in *Leno* are to be applied. It is sufficient for present purposes to refer by way of illustration to two cases which I am aware have attracted comment.
229. In Case T-278/13 *Now Wireless Ltd v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [EU:T:2015:57] the General Court upheld at [47] the finding of the Board of Appeal that there had been genuine use of the contested mark in relation to the services in issues in London and the Thames Valley. On that basis, the General Court dismissed the applicant’s challenge to the Board of Appeal’s conclusion that there had been genuine use of the mark in the Community. At first blush, this appears to be a decision to the effect that use in rather less than the whole of one Member State is sufficient to constitute genuine use in the Community. On closer examination, however, it appears that the applicant’s argument was not that use within London and the Thames Valley was not sufficient to constitute genuine use in the Community, but rather that the Board of Appeal was wrong to find that the mark had been used in those areas, and that it should have found that the mark had only

been used in parts of London: see [42] and [54]-[58]. This stance may have been due to the fact that the applicant was based in Guildford, and thus a finding which still left open the possibility of conversion of the Community trade mark to a national trade mark may not have sufficed for its purposes.

230. In *The Sofa Workshop Ltd v Sofaworks Ltd* [1015] EWHC 1773 (IPEC), [2015] ETMR 37 at [25] His Honour Judge Hacon interpreted *Leno* as establishing that “genuine use in the Community will in general require use in more than one Member State” but “an exception to that general requirement arises where the market for the relevant goods or services is restricted to the territory of a single Member State”. On this basis, he went on to hold at [33]-[40] that extensive use of the trade mark in the UK, and one sale in Denmark, was not sufficient to amount to genuine use in the Community. As I understand it, this decision is presently under appeal and it would therefore be inappropriate for me to comment on the merits of the decision. All I will say is that, while I find the thrust of Judge Hacon’s analysis of *Leno* persuasive, I would not myself express the applicable principles in terms of a general rule and an exception to that general rule. Rather, I would prefer to say that the assessment is a multi-factorial one which includes the geographical extent of the use.
231. *LTC’s evidence of use*. Mr Johansen gave unchallenged evidence, based on LTI’s and LTC’s records, that during the period in question LTI and LTC sold 264 used (i.e. second-hand) Fairways at an average price of £585. These were vehicles which LTI and LTC had acquired by way of part exchange for new taxis which LTI and LTC were selling, and which then LTI and LTC then re-sold. With the sole exception of one sale to a customer in Italy in December 2009 for a price of £2,000, all of these sales were in the UK. In addition, LTI and LTC disposed of 314 Fairways for scrap, the majority of which were given away for free, but nearly 70 of which were sold at prices ranging from £50 to £150, making an average sale price of £26.
232. *Assessment*. It is convenient first to deal with the disposals for scrap. Regardless of whether the vehicles in question were given away for free or sold for nominal amounts, in my judgment this cannot amount to use of the CTM at all, and certainly not genuine use. The result of the transactions was that the vehicles in question were scrapped, and therefore ceased to exist. Counsel for LTC speculated that parts might have been recovered from the scrapped vehicles and used as spares for other vehicles, but there is simply no evidence to support this speculation. In my view it is plain that destroying goods bearing a trade mark is the antithesis of use of that trade mark. This is particularly so if the trade mark in question consists of the shape of those goods, as here. In my view it is immaterial that, in some cases, LTC received a nominal financial consideration for the disposal of the vehicle to reflect the value of the metal and other materials which could be recycled. Still less are such acts calculated to create or maintain a share of the market for the goods.
233. As for the sales of used vehicles, it is important to note three points at the outset. The first is that it can be seen from the history recited above that LTI had stopped producing the Fairway long before the start of the relevant period: somewhere between 11 and 12 years before. The second point is that the reason why LTI stopped producing the Fairway is that it had been replaced by a later model, namely the TX1. The third point is that, unsurprisingly given the nature of the CTM, there is no suggestion that there was any use of the CTM by LTI or LTC at the time of the sales of the used vehicles otherwise than through the sales of the vehicles themselves,

which embodied the CTM. Thus is not a case where there was also use of the trade mark in promotional materials or even in business documents such as invoices.

234. As to whether this amounted to genuine use of the CTM, considering the various factors listed above, my assessment is as follows:

- i) The nature of the goods is that they are cars, or more specifically taxis, or still more specifically taxis suitable for use as licensed London taxis.
- ii) The market concerned is the market for cars, or more specifically taxis or still more specifically taxis suitable for use as licensed London taxis. The market for cars is in principle a Community-wide one, but I think I can take judicial notice that it is one that is to some extent divided into different national territories. Cars, and in particular taxis, are expensive items when purchased new, albeit rather less so when purchased used, particularly as they become older. Thus one does not expect to see huge quantities of such goods sold. Nevertheless, the market is a fairly substantial one. As can be seen from the figures quoted above, even the market for new taxis suitable for use as licensed London taxis amounts to a fairly substantial number annually.
- iii) The scale of use of the CTM in terms of the number of used vehicles was modest, but cannot be described as negligible. Moreover, the use extended over most of the period in question, although it dropped off towards the end of the period (only one vehicle was sold in 2013 and none in 2014).
- iv) The CTM was only used in relation to taxis, and more specifically taxis suitable for use as licensed London taxis.
- v) The territorial extent of the use was essentially confined to the UK. I consider that the single sale to Italy should be disregarded as being literally a one-off.
- vi) It does not appear that the proprietor could have provided significantly greater evidence in relation to the use it relies on.
- vii) To my mind, the key consideration is the nature of the activity relied upon. Even assuming that the sales of used vehicles constituted use of the CTM, this simply amounted to recirculation of goods which had already been put on the market under the CTM long beforehand. Moreover, the average price achieved was a fraction of the price of a new taxi at the time (in the region of £30,000). This did not help to create or maintain a share of the market for vehicles bearing the CTM. On the contrary, production of those vehicles had long since ceased and been superseded by the production of later models. Moreover, even the sales of used vehicles dried up.

235. Taking all of these considerations into account, I conclude that the use of the CTM relied upon by LTC did not constitute genuine use in the Community.

*Use of the CTM in a form differing in elements which do not alter its distinctive character*

236. *The law.* I reviewed the law when sitting as the Appointed Person in *NIRVANA Trade Mark* (O/262/06) at [9]-[21]. Since then, the CJEU has held, consistently with the

view I expressed at [15], that the proprietor of the trade mark is not precluded from relying upon use of the trade mark in a form differing in elements which do not alter the distinctive character of the trade mark by the fact that that different form is itself registered as a trade mark: see Case C-553/11 *Rintisch v Eder* [EU:C:2012:671], [2013] ETMR 5 and Case C-252/12 *Specsavers International Healthcare Ltd v Asda Stores Ltd* [EU:C:2013:497], [2013] ETMR 46. Otherwise, the law does not appear to have changed in any material respect.

237. *Assessment.* There is no dispute that LTI and LTC sold substantial quantities of TX1, TXII and TX4 vehicles during the relevant period. The question is whether that constituted use of the CTM in a form differing in elements which do not alter the distinctive character. This requires an assessment first of the distinctive character of the CTM, secondly of the differences and thirdly of whether the differences alter that distinctive character.
238. In my view the distinctive character of the CTM, if it has distinctive character, derives from the totality of its appearance. Turning to the TX1, LTI itself described the TX1 as an “entirely new shape of taxi” compared to the Fairway in a presentation to launch the TX4. Moreover, Jevon Thorpe, LTI’s then managing director, was quoted in a newspaper article in 1998 as saying that “Early styling clinics told us that potential buyers hated the new shape, but you often find that people don’t know what they want until they get it”. This evidence confirms the evidence of one’s eyes, which is that the TX1 is clearly different in its appearance in a variety of respects to the Fairway, and hence the CTM. In my judgment these differences do alter any distinctive character the CTM may have had. The TX4 is more different still.

### *Conclusion*

239. The CTM should be revoked in respect of goods in Class 12 for lack of genuine use with effect from 2 May 2014. It is convenient to note at this juncture that LTC did not seek to rely upon the other parts of the registration for the purposes of its infringement claim if the Class 12 specification was revoked.

### Conversion of the CTM

240. Counsel for LTC pointed out that, even if the CTM was invalid or should be revoked for non-use in respect of certain Member States, it was open to LTC to apply to convert it in a series of national marks in respect of other Member States pursuant to Article 112 of the Regulation. In particular, if the CTM was declared invalid for want of acquired distinctive character in Member States other than the UK or revoked for non-use on the basis that use in the UK was not sufficient to constitute use in the Community, it would be possible for LTC to convert it into a UK registration. As I discussed with counsel in the course of argument, however, LTC has not pleaded any alternative claim based upon a putative converted UK registration. Having considered its position, LTC made no application to amend its statement of case in that regard. It follows that it will be a matter for LTC to decide whether to apply for conversion. If it does so, then the determination of that application will be a matter for OHIM. It will have no bearing on these proceedings.

Relevant date for assessment of the issues on infringement of the Trade Marks

241. Counsel for the Defendants pointed out that LTC had brought these proceedings on a *quia timet* basis, and submitted that it followed that LTC had to establish that it had a claim for infringement of the Trade Marks (and passing off) at that date. I accept the premise, but not the conclusion. In general, the question whether the use of a sign infringes a trade mark falls to be assessed as at the date that the use of the sign commences: see Case C-145/05 *Levi Strauss & Co v Casucci SpA* [2006] ECR I-3703. In my judgment, as a matter of substance and reality, the Defendants started using the sign complained of in these proceedings, namely the shape of the new Metrocab, when the trial of the Metrocab commenced in December 2014. It does not appear that it would make any difference to the result if an earlier date of assessment were taken, however.

Approach to the issues on infringement

242. For the purposes of considering the issues on infringement, I shall assume, contrary to the conclusions I have reached above, that:

- i) both of the Trade Marks had at least a modest degree of either inherent or acquired distinctive character;
- ii) neither of the Trade Marks is invalid on the grounds that it consists of the shape which gives substantial value to the goods; and
- iii) there has been genuine use of the CTM in the Community.

Infringement of the Trade Marks under Article 9(1)(b)/Article 5(1)(b)

*The law*

243. The manner in which the requirement of a likelihood of confusion in Article 9(1)(b) of the Regulation and Article 5(1)(b) of the Directive, and the corresponding provisions concerning relative grounds of objection to registration in both the Directive and the Regulation, should be interpreted and applied has been considered by the CJEU in a large number of decisions, and in particular the leading cases of Case C-251/95 *SABEL BV v Puma AG* [1997] ECR I-6191, Case C-39/97 *Canon Kabushiki Kaisha v Metro-Goldwyn-Meyer Inc* [1998] ECR I-5507, Case C-342/97 *Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel BV* [1999] ECR I-3819, Case C-425/98 *Marca Mode CV v Adidas AG* [2000] ECR I-4861, Case C-3/03 *Matrazen Concord GmbH v Office for Harmonisation in the Internal Market* [2004] ECR I-3657, Case C-120/04 *Medion AG v Thomson Sales Germany & Austria GmbH* [2005] ECR I-8551 and Case C-334/05 *Office for Harmonisation in the Internal Market v Shaker de L. Laudato & C SAS* [2007] ECR I-4529.

244. The Trade Marks Registry has adopted a standard summary of the principles established by these authorities for use in the registration context, an earlier version of which has been cited by the Court of Appeal in a number of cases: see *Specsavers International Healthcare Ltd v Asda Stores Ltd* [2012] EWCA Civ 24, [2012] FSR 19 at [52] (Kitchin LJ), *Spear v Zynga* at [33] (Floyd LJ) and *Maier v ASOS plc* [2015] EWCA Civ 220, [2015] FSR 20 at [75] (Kitchin LJ). The current version of this

summary, the last paragraph of which has been adjusted in the light of an observation of Kitchin LJ in *Maier v ASOS* at [76], is as follows:

- “(a) the likelihood of confusion must be appreciated globally, taking account of all relevant factors;
- (b) the matter must be judged through the eyes of the average consumer of the goods or services in question, who is deemed to be reasonably well informed and reasonably circumspect and observant, but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind, and whose attention varies according to the category of goods or services in question;
- (c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details;
- (d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components, but it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements;
- (e) nevertheless, the overall impression conveyed to the public by a composite trade mark may, in certain circumstances, be dominated by one or more of its components;
- (f) and beyond the usual case, where the overall impression created by a mark depends heavily on the dominant features of the mark, it is quite possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element of that mark;
- (g) a lesser degree of similarity between the goods or services may be offset by a greater degree of similarity between the marks, and vice versa;
- (h) there is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either per se or because of the use that has been made of it;
- (i) mere association, in the strict sense that the later mark brings the earlier mark to mind, is not sufficient;
- (j) the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense; and



- (k) if the association between the marks creates a risk that the public might believe that the respective goods [or services] come from the same or economically-linked undertakings, there is a likelihood of confusion.”

245. In the infringement context, the further point needs to be made that, as the Court of Appeal stated in each of the three cases cited above:

“... the court must take into account all of the circumstances of the actual use of the sign that are likely to operate in the average user’s mind in considering the sign and the impression it is likely to make on him. The sign is not to be considered stripped of its context”.

#### *Assessment*

246. Although in principle LTC’s infringement case based on the CTM is distinct from its case based on the UKTM, and therefore the two should be considered separately, both counsel argued the two cases together. I shall follow their example.
247. *The average consumer.* I have considered the identity of the average consumer above, and concluded that the relevant average consumer is a taxi driver. LTC does not suggest that there is a likelihood of confusion on the part of taxi drivers as a result of the use of the sign it complains of, but rather contends that there is a likelihood of confusion on the part of members of the public who hire taxis. In my judgment this is fatal to the claim under Article 9(1)(b)/Article 5(1)(b), for it amounts to a concession that there is no likelihood of confusion on the part of the relevant average consumer. Although I have accepted that taxi drivers will take the perceived reactions of consumers of their services into account, I fail to understand how a likelihood of confusion on the part of consumers of taxi services, even if there was one, could be relevant given the absence of any likelihood of confusion on the part of the taxi driver.
248. In case I am wrong about the average consumer, however, I shall consider whether there is a likelihood of confusion on the part of consumers of taxi services. As noted above, the degree of attention paid by consumers of taxi services will be significantly lower than that of taxi drivers.
249. *The distinctive character of the Trade Marks.* As explained above, I shall assume that the Trade Marks have at least a modest degree of distinctive character.
250. *Comparison of goods.* It is common ground that the sign complained above, namely the shape of the new Metrocab, is being used, and is proposed to be used, by the Defendants in relation to goods which are identical to those for which the Trade Marks are registered.
251. *Comparison of signs.* Because the Trade Marks and the sign complained of are shapes, the relevant comparison is visual rather than aural or conceptual. It is not easy to compare them in words. I shall nevertheless attempt briefly to do so, while emphasising that what matters is what they look like. Before doing so, there are five preliminary points to address.

252. The first is that the new Metrocab is noticeably larger than either the Fairway or the TX1. In my judgment this difference must be disregarded, since the Trade Marks contain no indication of scale and are not restricted to any particular size.
253. The second point is that the new Metrocab vehicles which are being used in the current trial bear prominent Metrocab advertising in the manner described above. Counsel for the Defendants relied on this as reinforcing the absence of any likelihood of confusion. I do not accept that this factor assists the Defendants, however, for three reasons. First, it is clear from the evidence that consumers of taxi services do not always pay attention to advertising on the exterior of taxis. Secondly, even if consumers did pay attention to the advertising, and even if they appreciated that it related to the trade origin of the vehicle bearing the advertising, there is no reason to think that all consumers would be aware that the Metrocab trade mark denoted a different trade origin to that of the Trade Marks. Thirdly, although counsel for the Defendants submitted that there was no evidence of any threat on the part of the Defendants to market cabs without the prominent Metrocab advertising, it seems to me to be manifest that the Defendants are likely to do so. In any event, they cannot stop purchasers of their vehicles repainting them, in particular with third party advertising material.
254. The third point is that, even if the prominent Metrocab advertising is disregarded, the Metrocab has less prominent branding in the places where one would expect to see it, namely on the grille and on the boot (just as LTC's taxis do, although this is omitted from the Trade Marks). Again, counsel for the Defendants relied on this as reinforcing the absence of any likelihood of confusion. Again, I do not accept that this factor assists the Defendants, however, for the second of the three reasons given in the preceding paragraph.
255. The fourth point is that LTC primarily relies upon the similarities between the respective front views of the Trade Marks and the new Metrocab. LTC accepts that the rear views are quite different, and places little reliance upon the side views. LTC contends that the front views are particularly important because this is what a consumer of taxi services sees when hailing a taxi in the street. I accept that the front view is the most important view in those circumstances, but I do not accept that it is of predominant significance. Consumers of taxi services see taxis from a variety of angles depending on the circumstances. At a rank, for example, the main view can easily be the side view. Even when hailing a taxi, the consumer will see the side view when getting into the taxi. Not infrequently the consumer will also see the rear view (i.e. if the taxi has stopped beyond where they were standing).
256. The fifth point is that consumers of taxi services also see taxis under a variety of conditions, including different weather conditions, times of day and street lighting. I agree with LTC that allowance must be made for this when comparing the shape of the Metrocab with the Trade Marks.
257. LTC contends that there are seven main aspects of similarity between the new Metrocab and the Trade Marks: (i) a large and upright windscreen; (ii) a tapering bonnet; (iii) a deep/high bonnet; (iv) a prominent grille; (v) a central "TAXI" light on the roof; (vi) round headlights flanking the grille; and (vii) a generally rounded body shape. As counsel for the Defendants submitted, however, each of these features is implemented in a visually distinct way in the new Metrocab. This can be illustrated by

a comparison of the “prominent grille” and “round headlights flanking the grille” of the Fairway and the new Metrocab:



258. As can be seen from these images, the following differences between the new Metrocab and the Trade Mark are clearly apparent: (i) the wider, inverted trapezoid shape of the main grille on the front of the new Metrocab; (ii) the secondary grille detail on the lower part of the front of the new Metrocab; (iii) the different headlights on the Metrocab with their “smiling” LED detail; and (iv) the different positioning of the headlights relative to the top of the main grille. Also visible in these images are the following further differences: (v) the different positioning of the fog lights of the new Metrocab relative to the headlights compared to the indicator lights relative to the headlights of the Fairway; and (vi) the different bumpers on the new Metrocab.
259. Counsel for LTC rightly submitted that what mattered what not the details, but the overall impression of the shape of the new Metrocab compared to that of the Trade Mark. As has often been pointed out, the correct test is not a side-by-side comparison, and allowance must be made for imperfect recollection. Counsel for the Defendants submitted that the overall impression conveyed by the new Metrocab was that it looked like a licensed London taxi, as it was designed to do; but that it does not look like an LTC taxi, and in particular either of the Trade Marks. I agree with this. Even so, I would not go so far as to say that there was no similarity at all between the new Metrocab and the Trade Marks. Rather, I would say that there was a low degree of similarity.
260. *Has there been actual confusion?* LTC relies upon the evidence of Mr Zeghibe as evidence of an instance of actual confusion. I do not accept this. Mr Zeghibe was in a special position, because he had seen images of the proposed design of the TX5. Furthermore, Mr Zeghibe did not confuse the new Metrocab with either a Fairway or a TX1. Instead, he assumed that the taxi he was getting into was the new TX5.

261. The Defendants rely upon the absence of any other evidence of actual confusion. While I do not discount this factor entirely, I consider it of little weight given the very small scale of the trial of the new Metrocab to date.
262. *Overall assessment.* Taking all of these factors into account, I conclude that there is no likelihood of confusion with respect to either of the Trade Marks even on the part of consumers of taxi services. Although the relatively low degree of attention paid by such consumers and the identity of the respective goods are factors favouring a likelihood of confusion, the low distinctive character of the Trade Marks and the low degree of similarity between the new Metrocab and the Trade Marks outweigh those factors.

Infringement of the Trade Marks under Article 9(1)(c)/Article 5(2)

*The law*

263. I have reviewed the law on this subject a number of times, most recently in *Enterprise v Europcar* at [118]-[127]. Since then, the CJEU has re-iterated that the condition in Article 9(1)(c) of the Regulation that the Community trade mark has a reputation in the Community must be considered to be fulfilled when the Community trade mark (i) is known by a significant part of the public concerned with the products or services covered by the trade mark and (ii) has such a reputation in a substantial part of the Community, which part may, in some circumstances, correspond to the territory of a single Member State: see Case C-125/14 *Iron & Smith kft v Unilever NV* [EU:C:2015:539], [2015] ETMR 45 at [17]-[19]. The CJEU has also re-iterated that, if there is some similarity between the sign complained of and the trade mark but insufficient similarity to lead to a likelihood of confusion, it remains necessary to consider whether the relevant public is likely to make a link between the two: see Joined Cases C-581/13 P and C-582/13 P *Intra-Press SAS v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [EU:C:2015:2387], [2015] ETMR 6 at [72]-[73] and Case C-603/14 P *El Corte Inglés SA v Office for Harmonisation in the Internal Market (Trade Marks and Designs)* [EU:C:2015:807] at [40]-[43]. Furthermore, the concept of “due cause” was considered by the CJEU in Case C-65/12 *Leidseplein Beheer BV v Red Bull GmbH* [EU:C:2014:49], [2014] ETMR 24.

*Assessment*

264. *Reputation of the Trade Marks.* It follows from my conclusion that neither of the Trade Marks had acquired a distinctive character that they did not have a reputation. Even if I had concluded that they had acquired a modest degree of distinctive character, I would not have found that they had a reputation. Nevertheless, I shall assume for the remainder of my analysis that the Trade Marks did have a reputation.
265. *Link.* LTC contends that the new Metrocab is sufficiently similar to each of the Trade Marks that it will bring them to the mind of the average consumer. I accept that the new Metrocab is sufficiently similar to each of the Trade Marks that it will remind the average consumer of each of the Trade Marks, while appreciating that it differs from them.

266. *Detriment to the distinctive character of the Trade Marks.* LTC contends that use of the shape of the new Metrocab will weaken the ability of the Trade Marks to distinguish LTC's taxis in future. I am not persuaded of this. Even if either of the Trade Marks had a reputation at the relevant date at all, it was relatively small. Furthermore, it was a reputation in respect of a historic design of taxi which had been superseded, particularly in the case of the CTM (which represents the Fairway). As I have said, I consider that the new Metrocab would remind the average consumer of the Trade Marks, while appreciating that it differs from them. In my view the nature of the association which the average consumer would make is simply that all three shapes are species of the genus London taxi. That would not be detrimental to the distinctive character of the Trade Marks. Furthermore, there is no evidence of any likelihood of a change in the economic behaviour of the average consumer, whether the average consumer is taken to be the taxi driver or the consumer of taxi services.
267. *Unfair advantage.* LTC contends that the Defendants' use of the shape of the new Metrocab takes unfair advantage of the reputation attaching to each of the Trade Marks. Counsel for LTC submitted that the Defendants were seeking to ride on the coat-tails of the Trade Marks in order to benefit from their reputation, their power of attraction and their prestige and thus saving time, money and effort on their own promotional efforts. Again, I am not persuaded of this. For the reasons given above, I do not accept that the Defendants intend to exploit the reputation of the Trade Marks. Nor do I consider that this is a case where it may be legitimately inferred that there will be a transfer of image from LTC's goods to those of the Defendants.
268. *Due cause.* If I was satisfied that there would be detriment or unfair advantage, it would not be necessary to consider this question separately, since all the factors which are relevant to this question also fall to be considered when dealing with the Defendants' defence under Article 12(b)/Article 6(1)(b) below.
269. *Conclusion.* The Defendants have not infringed either of the Trade Marks pursuant to Article 9(1)(c)/Article 5(2).

Defence under Article 12(b)/Article 6(1)(b)

270. In addition to denying that they have committed, or will commit, any infringing act within either Article 9(1)(b)/Article 5(1)(b) or Article 9(1)(c)/Article 5(2), the Defendants advance an affirmative defence under Article 12(b)/Article 6(1)(b). This gives rise to two issues: first, is the shape of the new Metrocab an indication concerning one or more "characteristics" of the goods within Article 12(b)/Article 6(1)(b); and secondly, if so, is the Defendants' use of the sign in accordance with honest practices in industrial and commercial matters?

*Characteristics*

271. The Defendants contend that the shape of the new Metrocab is an indication concerning the kind, intended purpose and geographical use of the vehicle, namely that it is suitable for use as a licensed London taxi. LTC does not dispute this.

*Honest practices in industrial and commercial matters*

272. I reviewed the law on this subject in *Samuel Smith Old Brewery (Tadcaster) v Lee* [2011] EHC 1879 (Ch), [2012] FSR 7 at [111]-[120]. In that judgment I set out a list of factors at [118] which I have found useful in assessing the issue in a number of judgments. *Samuel Smith* is not referred to in any of the judgments of the Court of Appeal in *Maier v ASOS*. In my judgment nothing in the judgments of the majority (Kitchin and Underhill LJ) is inconsistent with my approach in *Samuel Smith*. Accordingly, I shall consider the list of factors which I set out in that case. I shall do so upon the assumption (contrary to my conclusions above) that there is a likelihood of confusion and/or detriment to the distinctive character of the Trade Marks. I shall not assume that the Defendants' use of the shape of the new Metrocab takes unfair advantage of the Trade Marks.
273. *Whether the defendant knew of the existence of the trade mark, and if not whether it would have been reasonable for it to conduct a search.* There is no evidence that the Defendants were aware of the Trade Marks prior to the claim being intimated against them. Although LTI's advertisements on tip-up seats drew attention in small print to various trade marks, no mention was made of any trade marks protecting the shape of LTI's taxis. Given that, and given the nature of the Trade Marks, I consider that it would have been reasonable for the Defendants not to have searched for them.
274. *Whether the defendant used the sign complained of in reliance on competent legal advice based on proper instructions.* There is no evidence that this is the case.
275. *The nature of the use complained of, and in particular the extent to which it is used as a trade mark for the defendant's goods or services.* The shape of the new Metrocab is not being used by the Defendants as a trade mark for their goods.
276. *Whether the defendant knew that the trade mark owner objected to the use of the sign complained of, or at least should have appreciated that there was a likelihood that the owner would object.* There is no evidence that the Defendants knew that LTC would object until it did, nor do I consider that the Defendants should have appreciated this.
277. *Whether the defendant knew, or should have appreciated, that there was a likelihood of confusion.* There is no evidence that the Defendants knew this, nor do I consider that the Defendants should have appreciated this.
278. *Whether there has been actual confusion, and if so whether the defendant knew this.* I have not found that there has been any actual confusion to date.
279. *Whether the trade mark has a reputation, and if so whether the defendant knew this and whether the defendant knew, or at least should have appreciated, that the reputation of the trade mark would be adversely affected.* There is no evidence that the Defendants knew this, nor do I consider that the Defendants should have appreciated this.
280. *Whether the defendant's use of the sign complained of interferes with the owner's ability to exploit the trade mark.* I do not consider that it does.

281. *Whether the defendant has a sufficient justification for using the sign complained of.* In my view the Defendants are justified in using the sign for the purpose of indicating that the new Metrocab is a licensed London taxi.
282. *The timing of the complaint from the trade mark owner.* LTC brought its claim promptly, and indeed prior to any substantial use of the sign by the Defendants.
283. *Conclusion.* Overall, I do not consider that the Defendants' use of sign amounts to unfair competition with LTC. On the contrary, even if it is assumed that there is a likelihood of confusion and/or detriment to the distinctive character of the Trade Marks, I consider that the injury is one that the law should require LTC to tolerate having regard to the nature of the use complained of and the justification for it. Accordingly, the use is in accordance with honest practices. If necessary, therefore, I would hold that the Defendants have a defence under Article 12(b)/Article 6(1)(b).

### Passing off

#### *The law*

284. There is no dispute as to the law. In *Reckitt & Colman Products Ltd v Borden Ltd* [1990] 1 WLR 491 at 499D-H (the Jif lemon case) Lord Oliver of Aylmerton said:

“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. Whether the public is aware of the plaintiff's identity as the manufacturer or supplier of the goods or services is immaterial, as long as they are identified with a particular source which is in fact 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.”

285. As Floyd J (as he then was) stated in *Numatic International Ltd v Qualtex UK Ltd* [2010] 1237 (Ch), [2010] RPC 26 at [39]:

“It is recognised that it is more difficult to acquire a sufficient reputation and goodwill in the shape or get-up of a product. Whilst the principal function of a brand name is to denote origin, the shape and get up of a product are not normally chosen for such a purpose. A member of the public seeing a product which looks identical to another (a red cricket ball is an example) does not necessarily, or even normally, conclude that they come from the same source. The claimant must prove that the shape of its goods has come to denote a particular source to the relevant public: see *Hodgkinson & Corby Ltd v Wards Mobility Ltd* [1994] 1 WLR 1564 at 1573-4. In that case Jacob J asked whether:

‘the plaintiffs have proved that the shape of their cushion is the “crucial point of reference” for those who want specifically a ROHO cushion... And have they proved that persons wishing to buy a Roho cushion are likely to be misled into buying a Flo’Tair..?’”

286. It is worth citing a further passage from *Hodgkinson & Corby v Wards* which follows on immediately from that cited by Floyd J:

“Before turning to the evidence I would make one general observation. It was the Reverend Wm. Paley who said in *Natural Theology* (1784), ch. i: ‘The watch must have a maker.’ In that sense every manufactured article conveys a representation — that it had a maker. Now where an article has a readily distinguishable appearance and there has only been one maker, once the article becomes well-known in the market, consumers when they see an article like that may assume that it is made by the same maker as he who made the articles of that individual appearance which they have seen before. So, in the instant case, almost all those who casually saw the Flo’Tair cushion (or just a picture of it) reacted by saying, ‘That is a Roho.’ One more precisely said, ‘That is a Roho or a convincing copy.’ This sort of evidence alone can seldom, if ever, satisfy the legal test for passing off. It does not prove that anyone relies upon the appearance to get the product of the maker they want.”

287. As can be seen from this passage, whether or not reliance is the acid test for the purposes of the acquisition of distinctive character by a shape trade mark in European law, it is certainly the acid test for the purposes of acquisition of goodwill in a shape for the purposes of English passing off law.
288. When it comes to misrepresentation, it is irrelevant that there is no deception of intermediaries if there is deception of end consumers of the goods or services.
289. Finally, it is well established that, if it is found that the defendant intended to deceive the relevant public by use of the indication complained of, the court will readily infer



that deception resulted: see *Office Cleaning Services Ltd v Westminster Window & General Cleaners Ltd* (1946) 63 RPC 39 at 42 (Lord Simonds).

290. The relevant date is the date when the Defendants started the acts complained of. In the present case I consider that this is December 2014.

*Assessment*

291. Again LTC's case is focused on consumers of taxi services.
292. *Goodwill*. LTC's case on goodwill differs from its case on acquired distinctive character of the Trade Marks in that LTC is able to rely for this purpose on the sales and use of TX4 taxis in addition to sales and use of Fairway and TX1/TXII taxis.
293. An important point in this context is that LTC contends that there is a family resemblance between all four models. I accept that, given the evolutionary approach which LTI took to the design of them, there is a family resemblance between them. As discussed in paragraph 238 above, I do not accept that the resemblance is such that the differences do not alter the distinctive character of the CTM; and I would reach the same conclusion in relation to the UKTM. For the purposes of passing off, however, I am prepared to accept that, in principle, LTC could claim goodwill in features of shape which are common to all four models.
294. Upon analysis, however, LTC's claim to goodwill is not based so much on specific features of shape which are common to all four models, but upon abstractions which describe the common features of the four models, particularly when viewed from the front: (i) a large and upright windscreen; (ii) a tapering bonnet; (iii) a deep/high bonnet; (iv) a prominent grille; (v) a central "TAXI" light on the roof; (vi) round headlights flanking the grille; and (vii) a generally rounded body shape. Even assuming that, in principle, a claim to goodwill can be made at this level of abstraction, it seems to me that it necessarily increases LTC's difficulty in establishing that such features denote the source of its taxis.
295. Counsel for LTC submitted that it was implicit in the Defendants' approach to the design of the new Metrocab and in the Defendants' own evidence at trial that consumers of taxi services perceived these features, at least at this level of abstraction, as denoting that a vehicle was a licensed London taxi. I think there is considerable force in this submission. But as counsel for LTC rightly accepted, that is not enough to get LTC home. LTC must go further and establish that these features denote a particular source of London taxis. In this regard counsel relied upon the same four factors as he relied upon to establish that the Trade Marks had acquired a distinctive character. For essentially the same reasons as I have given in paragraph 193 above, I do not consider that these factors show that consumers of taxi services rely upon these features as denoting the source of LTC's taxis.
296. *Misrepresentation*. In my judgment there is no evidence that the shape of the new Metrocab is likely to lead consumers of taxi services to believe that it comes from the same source as LTC's taxis, as opposed to being a licensed London taxi. Furthermore, for the reasons given in paragraph 148 above, the Defendants did not intend to deceive the public.

297. *Damage.* This does not arise.

298. *Conclusion.* The claim for passing off fails.

Summary of principal conclusions

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

- i) both of the Trade Marks were devoid of inherent distinctive character in relation to goods in Class 12 at the respective dates of application;
- ii) neither of the Trade Marks had acquired a distinctive character in respect of goods in Class 12 by the date of the counterclaim;
- iii) both of the Trade Marks should be declared invalid in respect of goods in Class 12 on the ground that they consist exclusively of the shape which gives substantial value to the goods;
- iv) the CTM should be revoked for non-use in respect of goods in Class 12 with effect from 2 May 2014;
- v) the Defendants have not infringed either of the Trade Marks pursuant to Article 9(1)(b) of the Regulation and Article 5(1)(b) of the Directive;
- vi) the Defendants have not infringed either of the Trade Marks pursuant to Article 9(1)(c) of the Regulation and Article 5(2) of the Directive;
- vii) the Defendants would if necessary have a defence to the infringement claim under Article 12(b) of the Regulation and Article 6(1)(b) of the Directive; and
- viii) the claim for passing off fails.