

Neutral Citation Number: [2018] EWHC 419 (IPEC)

Claim No. IP-2017-000012

**IN THE HIGH COURT OF JUSTICE**  
**BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES**  
**INTELLECTUAL PROPERTY LIST (CHD)**  
**INTELLECTUAL PROPERTY ENTERPRISE COURT**

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

**7 March 2018**

**Before:**

**Miss Recorder Amanda Michaels**

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**B E T W E E N:**

**STUDENT UNION LETTINGS LIMITED**

**Claimant**

**- and -**

**ESSEX STUDENT LETS LIMITED**

**Defendant**

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**Charlotte Blythe** (instructed by **Serjeants LLP**) for the Claimant

**Victoria Jones** (instructed by **DAC Beachcroft LLP**) for the Defendant

Hearing date: 24<sup>th</sup> January 2018

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**Approved Judgment**

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

**Miss Recorder Michaels:**

1. The parties to this action both provide accommodation for university students. The dispute arises from the re-branding of the Defendant's business in autumn 2014 to "SU LETS", a name which the Claimant says infringes its registered UK trade mark, SULETS, and passes off the Defendant's business as connected with the Claimant.

2. The Claimant was incorporated in July 2012 and carries on business as a lettings agency for university students at the University of Leicester and the De Montfort University in Leicester. It provides accommodation in private halls of residence and has charitable status. It is owned by the Student Unions of both universities.
3. The Claimant is the proprietor of UK registered trade mark No. 3101453 (“the Mark”) registered as of 27 March 2015 for the word mark “SULETS” in respect of various services in Classes 36 and 37 including in particular “accommodation letting agency services.” There is no challenge to the validity of the trade mark, despite the Defendant’s contention that it is broadly descriptive of student letting services. The Mark has been used as a word mark, as well as in the form of the logo below, with or without the strapline ‘Better student living.’



4. The Defendant is a wholly owned subsidiary of the University of Essex Students’ Union and provides accommodation for the students of that university in private residences, rather than in halls of residence. It provides accommodation mainly for second or third year students or postgraduates and does not actively target sixth formers applying for accommodation for their first year, who mainly go into halls of residence. Mr Stephens, its Chief Executive, gave evidence that the Defendant nevertheless attends university open days for prospective students and their parents.
5. The Defendant was incorporated in 2010 and started trading under the name “Essex Student Lets.” This was soon abbreviated to “Student Lets” which was used to some extent in a logo form, in which the ‘n’ was replaced with an outline of a house. In October 2014, the decision was made to rebrand to SU LETS, in line with rebranding of other Student Union services. Since then, in addition to using the name SU LETS the Defendant has used a number of logos incorporating that name. The main logo adopted in 2014, again incorporating a house device, is shown below, although the Defendant disclosed a variety of flyers, posters and advertising materials showing use of variations of the logo, as well as use of the name SU LETS and the email address [sulets@essex.ac.uk](mailto:sulets@essex.ac.uk).



6. The Defendant’s logo was changed in 2016, by increasing the space between the SU and LETS components of the name; Mr Haugh for the Defendant explained that this was done to distinguish further between those components. Although he did not say

so, I assume that this was done in response to the letter of claim sent on behalf of the Claimant in May 2016. A version of the amended logo is shown below:



7. The Claimant became aware of the Defendant's use of SU LETS at the end of 2015 when it began to appear on Internet searches. A letter of claim was sent on 12 May 2016 and these proceedings were issued on 23 January 2017.
8. The claim is for trade mark infringement under section 10(1) and/or 10(2) of the Trade Marks Act 1994 and for passing off. The Defendant denies infringement, but it accepts that the key issue to be decided is whether it can make out a defence under sub-section 11(3) of the Act.
9. There were two main factual issues relating to the s 11(3) defence which were explored in the evidence. First, as the Defendant claims to have started using the SU LETS signs prior to 7 March 2015 (the date when the Claimant filed its trade mark application for the Mark) it is necessary to decide whether (as the Defendant claims) it had goodwill in that name by that date. Otherwise, the s 11(3) defence would fail. If it did have such goodwill, I must decide whether by the date at which the Defendant started using SU LETS, the Claimant had goodwill extending to Essex which would have entitled it to restrain use of the Defendant's signs, so as to defeat the s.11(3) defence. The Defendant did not seriously contend that the Claimant had no goodwill at all at that date, but argued that the goodwill was merely local to the Leicester area.
10. I heard three witnesses of fact: Mr Irving Hill for the Claimant, and Mr Craig Stephens and Mr Steven Haugh for the Defendant. All three witnesses gave clear, concise, helpful and (in my view) reliable evidence. I am grateful to them and to counsel for dealing with the case in a way which enabled the hearing to take a single day.
11. It is convenient to address the issues before me as they were formulated in the List of Issues appended to the case management directions given on 16 June 2017.

*Has the Defendant infringed the Mark pursuant to s.10(1) of the Act?*

12. It was common ground that the test for infringement under s.10(1) of the Act has six elements:
  - (i) there must be use of a sign by a third party;
  - (ii) the use must be in the course of trade;
  - (iii) it must be without the consent of the proprietor of the trade mark;
  - (iv) it must be of a sign which is identical to the trade mark;
  - (v) it must be in relation to goods or services which are identical to those for which the trade mark is registered; and

- (vi) it must affect or be liable to affect the functions of the trade mark, in particular its essential function of guaranteeing to consumers the origin of the goods or services.
13. It was also common ground that the sole issue in contention here is as to the fifth of those elements: is SU LETS identical to SULETS?
14. Both parties referred me to Case C-291/00, *LTJ Diffusion v Sadas Vertbaudet SA*, ECLI:EU:C:2003:169, [2003] FSR 34 on the proper test for identity of sign to mark. In that case, the CJEU said:
- "50. The criterion of identity of the sign and the trade mark must be interpreted strictly. The very definition of identity implies that the two elements compared should be the same in all respects. Indeed, the absolute protection in the case of a sign which is identical with the trade mark in relation to goods or services which are identical with those for which the trade mark is registered, which is guaranteed by art 5(1)(a) of the directive, cannot be extended beyond the situations for which it was envisaged, in particular to those situations which are more specifically protected by art 5(1)(b) of the directive.
51. There is therefore identity between the sign and the trade mark where the former reproduces, without any modification or addition, all the elements constituting the latter.
52. However, the perception of identity between the sign and the trade mark must be assessed globally with respect to an average consumer who is deemed to be reasonably well informed, reasonably observant and circumspect. The sign produces an overall impression on such a consumer. That consumer only rarely has the chance to make a direct comparison between signs and trade marks and must place his trust in the imperfect picture of them that he has kept in his mind. Moreover, his level of attention is likely to vary according to the category of goods or services in question (see, to that effect, *Lloyd Schuhfabrik Meyer v Klijsen Handel* Case C-342/97 [1999] IP & T, [1999] ECR I-3819 (para 26)).
53. Since the perception of identity between the sign and the trade mark is not the result of a direct comparison of all the characteristics of the elements compared, insignificant differences between the sign and the trade mark may go unnoticed by an average consumer.
54. In those circumstances, the answer to the question referred must be that art 5(1)(a) of the directive must be interpreted as meaning that a sign is identical with the trade mark where it reproduces, without any modification or addition, all the elements constituting the trade mark or where, viewed as a whole, it contains differences so insignificant that they may go unnoticed by an average consumer."
15. The Claimant also referred me to *IBM Corp v Web-Sphere Ltd* [2004] EWHC 529 (Ch), [2004] FSR 39, in which Lewison J found "Web-Sphere" to be identical to WEBSPHERE. He considered that the two were aurally identical and the addition of the hyphen would go unnoticed by an average consumer.
16. The Claimant submitted that the average consumer of student letting agency services would include members of the general public, both people studying or intending to study at university, and actual or potential landlords. The Defendant contended that

the average consumer would be a university student. I consider that the Claimant is correct, and I bear in mind that parents or guardians of students may also be involved in their children's choice of accommodation. As Mr Stephens said, they often attend university open days with their children when they are thinking of applying to a university, and once their child wishes to rent accommodation, they may be called on to act as a guarantor and (as the evidence showed) come into contact with the student letting agency in that capacity.

17. The Claimant said that the visual difference between the Mark and the sign (the gap between SU and LETS) would go unnoticed by the average consumer, whilst the Defendant said that a university student would recognise SU as an abbreviation of Student Union, and so pronounce its sign as having three syllables, separating out the S from the U. By contrast, it claimed, the Mark would be pronounced as an invented two syllable word "Soo-lets." However, Mr Hill gave evidence that the Leicester universities generally refer to the Claimant's mark as "S U Lets" and Mr Haugh accepted very reasonably in cross-examination that both the Mark and the sign could be pronounced in the same way, whether as Soo Lets or S U Lets, although he had not heard the Defendant's mark being pronounced as Soo Lets.
18. I think that Mr Haugh was right to say that both the Mark and the sign might be pronounced by some people in one of those ways, and by others in the other, possibly depending on whether "SU" was seen as referring to "Student Union." On that basis, the Mark and the sign would be aurally identical.
19. In my judgment, the space between SU and LETS is not a significant difference in the Defendant's sign when used as in plain word form and the space would go unnoticed by the average consumer. I also note that the evidence before me shows use of the Defendant's sign as a single word, most particularly in the Defendant's email address and in the address "essex.su/sulets" prominently shown on the Defendant's posters and marketing materials. The Mark and the sign are thus both visually and conceptually identical.
20. I conclude that the marks are identical for the purposes of s 10(1) and (subject to s 11(3)) the Mark has been infringed by use of the name SU LETS.

*Has the Defendant infringed the Mark pursuant to s.10(2) of the Act?*

21. Under this heading the issues for determination are
  - (a) are the Defendant's signs identical or similar to the Mark, and
  - (b) does their use in the course of trade in relation to student letting agency services result in a likelihood of confusion with the Mark.
22. The factors relevant to the assessment of a likelihood of confusion leading to infringement under s 10(2) were summarised by Kitchin LJ in *Specsavers International Healthcare Ltd v Asda Stores Ltd* [2012] F.S.R. 19 and, taking into account the later decision of the Court of Appeal in *Maier v ASOS plc* [2015] EWCA Civ 220, [2015] FSR 20, may be stated 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.”

23. If the Defendant’s sign is considered simply in the form of the words SU LETS, I have already concluded that it is to be deemed identical to the Mark. If I am wrong in reaching that conclusion, I find that there is an obvious degree of visual, phonetic and conceptual similarity between the Mark and SU LETS, so that the sign is highly similar to the Mark.
24. The Defendant contended that the Particulars of Claim did not expressly complain of its use of its Logo, but I agree with the Claimant that it is appropriate to consider whether use of the Defendant’s sign as part of its Logo would also infringe the Mark, and there is no prejudice in dealing with the point, as the Defendant had prepared for trial assuming that it would be considered.
25. First, it does not seem to me that there is any real distinction between the 2014 and 2016 versions of the Defendant’s logo. The increased space between SU and LETS does not have a significant impact on the logo’s similarity to the Mark. In my view, whilst the Defendant’s logo must be considered as a whole, the words SU LETS are together the dominant element of the logo, partly because those words are so much

larger than the other words in the logo, but also because the house device and the straplines have little distinctiveness, and would not be likely to be seen as an indication of origin. I also take into account the tendency of consumers to refer to a composite mark by reference to its verbal elements (see for instance Case T-223/16, *Massive Bionics, SL v EUIPO, Apple Inc.* EU:T:2017:500, [2017] E.T.M.R. 38 following Case T-363/06, *Honda Motor Europe v OHIM-Seat (MAGIC SEAT)* EU:T:2008:319). In my judgment consumers would typically refer to the logo only as SU LETS, and would not use the strapline phrases.

26. The Defendant submitted that the Mark and SU LETS are also descriptive, so that the additional elements of the logo render it dissimilar to the Mark. I do not agree. The test is whether there is some similarity, not whether there are differences between the Mark and the sign, and despite the differences the overall impression of the Defendant's logo is in my judgment dominated by the words SU LETS. If I am wrong on that point, then I find that the words SU LETS nevertheless retain an independent distinctive role in the Defendant's logo.
27. For those reasons, I consider that both the original and revamped versions of the Defendant's logo are similar to the Mark.
28. The Claimant adduced a few instances of alleged actual confusion. On three occasions in 2016, people wishing to contact the Defendant sent emails to the Claimant, in October 2017 one of the Defendant's tenants made a rent payment to the Claimant, and on three occasions in 2017 the Defendant received telephone calls meant for the Claimant. Not surprisingly, none of the people who may have been confused, who seem to have been actual or potential tenants or guarantors, provided evidence as to the cause of their confusion. It is necessary to be cautious in drawing any conclusions from these communications, as the context in which the mistakes occurred was not clear, but both sides sought to draw inferences as to the reasons for and nature of the confusion. Mr Stephens accepted that it was a reasonable inference that the people who telephoned the Defendant had probably done so after carrying out an online search for SULETS seeking the Claimant. These instances of confusion may have arisen from a mistake in an internet search for one side or the other, rather than from a mistaken belief that the two businesses are the same or connected with each other. Nevertheless, it is reasonable to infer that some people familiar with and seeking to contact the Claimant may have believed that the Defendant's website was the Claimant's or that the Defendant was in some way connected with the Claimant, probably due to the sign SU LETS being used on the Defendant's website.
29. There is therefore little (if any) clear evidence of confusion, even though the Defendant had been using the SU LETS sign for around 3 years by the time of trial. The Defendant of course relied upon the absence of hard evidence of actual confusion despite that period of parallel trade. Evidence of actual confusion is notoriously hard to obtain even where such confusion is actually occurring and I am not convinced that this is the kind of case in which confusion would be very likely to have come to the parties' attention. Clients or customers, or individuals aware of the Mark or the sign, may have been confused into approaching the other party wanting the same services in the different location due to the similarity of the sign to the Mark, without realising that they were confused, and without such confusion being drawn to either party's attention.

30. In any event, it is not necessary for the Claimant to prove any actual confusion in order to succeed in establishing a likelihood of confusion. What matters is whether the Court considers that there is a likelihood of confusion. See e.g. *Och-Ziff Management Europe Limited v Och Capital LLP* [2010] EWHC 2599 (Ch) [2011] F.S.R. 11 at [117] and *Samuel Smith Old Brewery (Tadcaster) v. Philip Lee (trading as 'Cropton Brewery')* [2011] EWHC 1879 (Ch); [2012] FSR 7 where Arnold J. said at [95] that when considering the weight to be attached to the absence of any evidence of actual confusion:
- “. . . it is relevant to consider what opportunity there has been for confusion to occur and what opportunity there has been for any such confusion to be detected.”
31. The likelihood of confusion must be appreciated globally and through the eyes of the average consumer of the goods and services in question. In my view, whilst the average tenant or guarantor consumer is a member of the general public, such consumers as well as landlords would approach the choice of provider of these accommodation services with some care.
32. The context in which the Defendant’s services are offered must also be taken into account. The Defendant’s materials include frequent references to the University of Essex and use of the Defendant’s logo as well as of the name SU LETS. Nevertheless, in my view, those factors are not liable to preclude instances of confusion but are likely to be seen only as indicating that the advertised services are supplied to students at the University of Essex. This would not prevent the connection being made to the Mark and to the services offered at other universities by the Claimant, nor could it prevent a consumer, relying upon the potentially imperfect picture of the Mark that he has in his mind, from confusing the Mark with the sign. In my judgment, the use of this identical or highly similar sign upon identical services to those for which the Mark is registered (and on the specific sub-set of such services on which it has been used) does lead to a likelihood of confusion.
33. For those reasons, I am satisfied that there has been trade mark infringement, under both sub-sections 10(1) and/or (2), subject to the availability of the defence under s 11(3).

*The s 11(3) defence*

34. Sub-section 11(3) of the Act provides a defence to trade mark infringement where – in certain circumstances discussed further below - the Defendant is using a right which subsists in a particular locality and which pre-dates the registration of the trade mark. It provides:

“(3) A registered trade mark is not infringed by the use in the course of trade in a particular locality of an earlier right which applies only in that locality. For this purpose an "earlier right" means an unregistered trade mark or other sign continuously used in relation to goods or services by a person or a predecessor in title of his from a date prior to whichever is the earlier of –

(a) the use of the first-mentioned trade mark in relation to those goods or services by the proprietor or a predecessor in title of his, or



(b) the registration of the first-mentioned trade mark in respect of those goods or services in the name of the proprietor or a predecessor in title of his;

and an earlier right shall be regarded as applying in a locality if, or to the extent that, its use in that locality is protected by virtue of any rule of law (in particular, the law of passing off).”

35. In *Caspian Pizza Limited v Shah* [2015] EWHC 3567 (IPEC), [2016] FSR 23, HHJ Hacon found at first instance that the Claimant had goodwill limited to the locality of Birmingham (which did not extend to Worcester) going back to 2001 and the Defendant had goodwill local to Worcester going back to 2004. The Claimant’s word trade mark was filed in 2005 and a device mark in 2010. HHJ Hacon upheld the s 11(3) defence despite the fact that the Claimant’s use of its mark, then unregistered, pre-dated the acquisition by the Defendant of its ‘earlier right.’ He took the view that the reference in sub-paragraph (a) to earlier use by the trade mark proprietor had to be construed in the light of Article 6(2) of the Trade Mark Directive. He said:

“51. Article 6(2) of the Trade Mark Directive provides as follows:

*2. The trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade, an earlier right which only applies in a particular locality if that right is recognised by the laws of the Member State in question and within the limits of the territory in which it is recognised.*

52. Section 11(3) of the Act states:

*(3) A registered trade mark is not infringed by the use in the course of trade in a particular locality of an earlier right which applies only in that locality.*

*For this purpose an "earlier right" means an unregistered trade mark or other sign continuously used in relation to goods or services by a person or a predecessor in title of his from a date prior to whichever is the earlier of –*

*(a) the use of the first-mentioned trade mark in relation to those goods or services by the proprietor or a predecessor in title of his, or*

*(b) the registration of the first-mentioned trade mark in respect of those goods or services in the name of the proprietor or a predecessor in title of his;*

*and an earlier right shall be regarded as applying in a locality if, or to the extent that, its use in that locality is protected by virtue of any rule of law (in particular, the law of passing off).*

53. Argument focussed on section 11(3). In relation to the Caspian Mark Mr Colbey relied on the unchallenged evidence that Mr Zarandi started his first Caspian Pizza business in 1991 which pre-dates any earlier right to which Mr Shah may be entitled. Mr Zarandi remains joint proprietor of the Trade Marks and therefore his earlier use of the Caspian Mark is relevant. On a straightforward reading of s.11(3), particularly sub-paragraph (a), the defendants have no defence under that subsection.

54. However, I am not sure that is right. Section 11(3) must be interpreted in a manner consistent with art.6(2) of the Trade Mark Directive. The right of the proprietor of a registered trade mark to claim a priority (in the sense of

defeating a defence to infringement under s.11(3)) dating from the first use *anywhere* of the mark before registration, either by him or a predecessor in title of his, does not shine out from the words of art.6(2). Take the present case. I have concluded on the facts that since 2002 Mr Shah's businesses in Worcester have generated local goodwill sufficient to enable him or his successors to restrain the use by others of the CASPIAN name for a pizza business in Worcester. That being so, the words of art.6(2) would seem to prevent the proprietors of the Caspian Mark from enforcing it in Worcester despite the local goodwill generated by Mr Zarandi since 1991 in Birmingham.

55. The draftsman of s.11(3) appears to have elaborated on art.6(2). However, to quote Jacob J: "What matters is the language of the Directive", see *British Sugar plc v James Robertson & Sons Ltd* [1996] RPC 281, at 292; see also the speech of Lord Nicholls of Birkenhead in *R. v Johnson* [2003] UKHL 28; [2003] FSR 42, at [30]. In *Budejovický Budvar NP v Anheuser-Busch Inc.* (Case C-482/09) [2012] RPC 11 ("*Budweiser*"), the Court of Justice of the European Union ("the CJEU") said this:

"[30] Although the third recital in the preamble to Directive 89/104 states that 'it does not appear to be necessary at present to undertake full-scale approximation of the trade mark laws of the Member States', the directive nonetheless provides for harmonisation in relation to substantive rules of central importance in this sphere, that is to say, according to the same recital, the rules concerning the provisions of national law which most directly affect the functioning of the internal market, and that recital does not preclude the harmonisation relating to those rules from being complete (*Silhouette International Schmied GmbH & Co. KG v Hartlauer Handelsgesellschaft mbH* (C-355/96) [1998] ECR I-4799; [1998] ETMR 539 at [23], and *Ansul BV v Ajax Brandbeveiliging BV (Minimax)* (C-40/01) [2003] ECR I-2439; [2003] E.T.M.R. 85 at [27]).

[31] Further, it is stated, in the seventh recital in the preamble to Directive 89/104, that the 'attainment of the objectives at which this approximation [of the legislation of Member States] is aiming requires that the conditions for obtaining and continuing to hold a registered trade mark are, in general, identical in all Member States.' The ninth recital of the same directive states that 'it is fundamental, in order to facilitate the free circulation of goods and services, to ensure that henceforth registered trade marks enjoy the same protection under the legal systems of all the Member States.' Lastly, the eleventh recital of that directive further states that 'it is important, for reasons of legal certainty and without inequitably prejudicing the interests of a proprietor of an earlier trade mark, to provide that the latter may no longer request a declaration of invalidity nor may he oppose the use of a trade mark subsequent to his own of which he has knowingly tolerated the use for a substantial length of time, unless the application for the subsequent trade mark was made in bad faith.'

[32] In the light of the recitals in the preamble to Directive 89/104, the Court has held that arts 5-7 of that directive effect a complete harmonisation of the rules relating to the rights conferred by a trade mark and accordingly define the rights of proprietors of trade marks in

the European Union (*Silhouette International Schmied* [1998] *ETMR* 539 at [25]; *Zino Davidoff v A&G Imports Ltd* (C 414–416/99) [2001] *ECR I-8691*; [2001] *E.T.M.R.* 67 at [39], and *Coty Prestige Lancaster Group GmbH v Simex Trading AG* (C-127/09) [2010] *ETMR* 41 at [27])."

(Arts.5-7 of Directive 89/104 are the predecessors of arts.5-7 of the Trade Marks Directive, now in force).

56.I could speculate as to how s.11(3), especially sub-paragraph (a), should be notionally reworded so as to arrive at a correct interpretation, but in my view it is better to ignore it and focus on art.6(2). I have reached the view that art.6(2) provides the defendants with a defence."

36. Although the Claimant appealed, it did not appeal the finding on s 11(3). Nevertheless, the Court of Appeal ([2017] EWCA Civ 1874) expressly approved HHJ Hacon's analysis. Patten LJ said:

"13. In relation to s.11(3), the claimants contended that "the use" of the trade mark by the proprietor referred to in paragraph (a) of the definition of "earlier right" in that section meant pre-registration use anywhere and did not have to be use in the locality in which the defendants had established goodwill in the same mark. On this basis the defendants would not satisfy the conditions in s.11(3). The judge, however, concentrated on Article 6(2) of the Directive which s.11(3) was intended to implement and which is in these terms:

"The trade mark shall not entitle the proprietor to prohibit a third party from using, in the course of trade, an earlier right which only applies in a particular locality if that right is recognised by the laws of the Member State in question and within the limits of the territory in which it is recognised."

14. Judge Hacon interpreted Article 6(2) as limiting the enforcement of the registered mark against the defendants in Worcester even though Mr Zarandi had established goodwill in the CASPIAN name in Birmingham from 1991. In my view he was right to do so. There is nothing in Article 6(2) which in terms defines an earlier right by reference to pre-registration use of the mark by the proprietor anywhere in the UK. It would also be odd if the s.11(3)/Article 6(2) defence were denied to the defendants on the basis of the claimants' prior use of the mark in Birmingham but they were nonetheless entitled to object to the subsequent registration of the mark under s.5(4)(a) to the extent that its UK-wide registration would include Worcester. "Earlier right" for the purposes of TMA 1994 means prior use of the mark or sign which would be protected by the law of passing-off: see s.5(4)(a). This would include use which had generated goodwill in a particular locality: something which would only be prevented if the trade mark proprietor had himself previously used the mark in the same locality. In any event, the judge's treatment of this issue is not challenged as part of this appeal."

37. I consider that the reference in Patten LJ's judgment to the trade mark proprietor having used the mark "in the same locality" as that in which the Defendant claims his earlier right means that the proprietor must be able to show either that he too had traded in that locality, or that he had goodwill which extended to that locality. Patten LJ plainly considered that goodwill local to an area other than the locality in which

the Defendant enjoys his earlier right would not suffice to defeat the s 11(3) defence. This was common ground between the parties before me (although the Claimant formally reserved the right to challenge this interpretation of s 11(3) on appeal).

38. The listed Issues relating to the applicability of the s 11(3) defence are:
- a. Did the Defendant own goodwill in SU LETS in relation to student letting agency services in the locality of the University of Essex by the filing date of the Mark (27 March 2015) such that it benefits from an earlier right within the scope of s.11(3).
  - b. If so, did the Claimant, by the date at which the Defendant commenced using that sign, own goodwill in the Mark in relation to student letting agency services sufficient to restrain the Defendant's use of its sign so as to defeat the Defendant's defence under s.11(3).
39. The Claimant submitted that in order to rely on s.11(3), the Defendant needed to establish that it had built up protectable goodwill prior to the registration of the Mark and that such goodwill applied only in a particular locality. It disputed the Defendant's claim to have acquired any goodwill in the name SU LETS by the date of the trade mark application. It was accepted that the Defendant had decided to change its name from Student Lets (or Essex Student Lets) in late September 2014, but the Claimant argued that the steps taken between that date and March 2015 were piecemeal and inadequate to generate goodwill, and the evidence of turnover under the new name was also inadequate. The Defendant accepted that the changes were gradual (rather than piecemeal) but maintained its claim to have generated goodwill in the new name before the Mark was filed.
40. The amount spent on the rebrand was modest, around £1300, which I suspect is reflected in the gradual roll out of the changes. The Defendant relied upon use of the new SU LETS name on business papers, on its shop frontage on campus, its website, emails and marketing materials etc. It accepted that these were not all changed immediately after the Board decision to rebrand on 25 September 2014, but the change of name was phased in gradually over a period of some months. For instance,
- a. invoices and statements from the Defendant to its landlord customers did not bear the SU LETS name until well after March 2015;
  - b. some marketing materials bearing the old branding were still in use in late November 2014;
  - c. the first example of the updated Twitter account ("Essex SU Lets") using the new name was in mid November 2014;
  - d. the Defendant's website was not updated until around mid-December 2014, and it seems that until March 2015 it showed the 2014 version of the Defendant's logo; there was no evidence of the number of visits to the site before 27 March 2015; and
  - e. the Defendant's employees did not all update their email footers until January 2015.
41. On the other hand, the Defendant's Facebook page used the new name from October 2014, although there were few Facebook posts (and tweets) in evidence in the relevant period. Posters and letterheads using the new name were designed in late October 2014 but there was no evidence of how widely these were used. Mr Haugh gave evidence of the Defendant concentrating its efforts at first on marketing the new name

to its student customers (or potential customers), for example by sending a mailshot under the new name on 7 October 2014 to students renting accommodation from it. I infer (but was not told) that this was sent to all of the 804 students then renting through the Defendant. The new name featured on the Defendant's campus office and prominently on a marquee used at a housing fair held at the University in November 2014. Mr Stephens described these fairs as key marketing events for the Defendant, but there was no evidence as to how many students may have attended the fair or visited the marquee. Mr Haugh also said that the Defendant's marketing materials were updated in time for the main housing period for the following academic year, which ran from October 2014 to February 2015, and I was shown posters used on campus using the new name in November 2014. The Defendant produced a single email from the President of the Essex Students' Union addressed to "SU Lets" and dated 26 October 2014, but Mr Haugh accepted that she would have learned of the change of name through her position with the Union.

42. All in all, it is not clear how many people would have been aware of the new name before 27 March 2015, nor was there any evidence as to the number of students who had agreed by that date to rent accommodation for the 2015/16 academic year through the Defendant, trading under the new name. The Defendant relied on its turnover of around £47,000 for the period from 29 September 2014 to 29 March 2015. I was told that most of its income is received by way of commission from landlords and the bulk of its income is paid from the first month's rent in an academic year, so it would have been received before 29 September 2014. In any event most of the leases for the academic year 2014/15 will have been agreed before the change of name. It is not at all clear to me (nor was Mr Stephens able to say, when asked) what part of the £47,000 was earned under the name SU LETS.
43. The evidence supporting the Defendant's claim to have generated goodwill in SU LETS in the period from the end of September 2014 to 27 March 2015 was, therefore, rather unsatisfactory. I am satisfied that there was some initial publicity for the new name in about October 2014, followed by a gradual roll out of the new name which was incomplete and continuing in March 2015. It seems to me that the evidence taken as a whole showed that many of the Defendant's hundreds of existing student customers would have been likely to have become familiar with the new name by March 2015, as may other potential student customers attending the University's housing fair or otherwise seeking accommodation for the next academic year. Even quite a modest level of use of a name may suffice to generate goodwill, and I consider that the evidence is sufficient to show that some goodwill would have been built up by March 2015, especially as in my judgment it would have been easier for the Defendant to build up that goodwill in the light of the similarity of the SU LETS name to the old STUDENT LETS name, and the similarity of the style in which both the names were used.
44. To make good its s 11(3) defence, the Defendant not only has to show that it had an earlier right by the filing date of the Mark but also that the right subsisted only in a particular locality. As discussed in the next section of this judgment, the Defendant contended that the Claimant as a supplier of letting agency services for students only for the two Leicester universities had goodwill only in the locality of Leicester. For the reasons given below, I reject the Defendant's argument on this point. This leaves open the question of whether the nascent goodwill which had been generated by the

Defendant by the relevant date was local to Essex or nationwide. There was no evidence before me specifically dealing with this point, but it seems to me highly improbable that all or most of the Defendant's customers were local students. I consider it possible that the Defendant's goodwill would not have been confined to the locality of the University of Essex, but could also have been national goodwill, albeit on a small scale. If so, then it seems to me that the Defendant could not, in any event, succeed in its s. 11(3) defence.

45. I move on to the question of the Claimant's goodwill in the Mark at as at the relevant date, in late September 2014 or early October. For practical purposes in this case, the exact date is irrelevant.
46. The Claimant has offered accommodation letting agency services to the students of the University of Leicester and de Montfort University since it was incorporated in July 2012, and indeed Mr Hill explained that the business was started in 2011 prior to incorporation. For each of the academic years 2012/13 to 2014/15 the Claimant managed properties accommodating between 1200 and 1300 students and filled close to 100% of its properties. The numbers represent only a small proportion of the whole student body of each university, and obviously a much smaller proportion still of the number of students seeking accommodation whilst at university across the country. However, the rent collected by the Claimant was over £4m for 2012/13 and 2013/14 and over £6m for 2014/15. This generated income of £380,000 to £464,000 for the Claimant.
47. At all these times the Claimant traded as SULETS, providing letting agency services for private accommodation in Leicester for the students of the two universities. Prior to September 2014, the Claimant advertised on social media, in university prospectuses and had an office at both Leicester campuses. From at least March 2012, its website prominently featured the SULETS name, and between 2011 and August 2014 there were over 80,000 visits to the website of which some 55% were new users. Mr Hill also gave evidence that the Claimant had, for instance, advertised its services at university open days from 2013 onwards. There were, for example, over 6000 attendees at the University of Leicester 2013 open days. Postcode data was only available from 2015, which showed 87% of attendees were from outside Leicester, but Mr Hill suggested it would have been of a similar order for earlier years.
48. The Claimant submitted that it had goodwill by the relevant date, and that such goodwill was nationwide. It claimed that its tenant customers came from all over the UK and produced evidence based upon its tenants' home post-codes which to my mind showed a nationwide spread of customers. Mr Hill produced a document showing that between 2012 and 2014 around three-quarters of the Claimant's tenants provided a home address with a post-code outside Leicester. Around 50% of the Claimant's website traffic from 2011 to 31 October 2014 came from outside Leicester. Both figures included small numbers from Colchester.
49. Sensibly, given its own claim to goodwill, the Defendant did not seriously dispute that the Claimant had goodwill in the Mark arising from its use of SULETS prior to September 2014. However, it submitted that such goodwill was local to Leicester, rather than nationwide and submitted that in the light of *Caspian Pizza* such local goodwill was insufficient to counter the s 11(3) defence.

50. The impact of regional or localised goodwill is discussed at paragraphs 3-107 to 3-110 of Wadlow's "The Law of Passing Off," 5<sup>th</sup> ed. As the learned author points out, some businesses are so "inherently localised" that the geographical extent of their goodwill can be defined with reasonable precision and will be protected only to that limited extent. That was the case for the pizza restaurant business in *Caspian Pizza*, for dental surgeries in *Harding v Smilecare* [2002] FSR 37 and a gym in *Boxing Brands v Sports Direct* [2013] EWHC 2200, [2013] ETMR 48. However, those cases are more likely to be the exception than the rule and Professor Wadlow concludes that "the courts have been reluctant to confine the claimant's remedy to a limited geographical area in all but the clearest cases, and a fairly thin spread of goodwill outside the claimant's main centre of operations is likely to suffice."
51. The Defendant relied on the UKIPO decision in *Sworders*, BL O/212/06, in which the Hearing Officer took the view that an estate agency is usually a local business with local goodwill; the Defendant argued that the same applied to the specialist localised lettings agency run by each of the parties here, and pointed out that the Claimant had described itself in the Particulars of Claim as "a lettings agent, similar to a normal High Street agency." It also pointed to the tiny share of the overall market in student lettings enjoyed by the Claimant and argued that operating a website theoretically open to all but in reality advertising a highly localised service did not automatically establish a national goodwill. Miss Jones submitted that this depended on those to whom the website is targeted, by analogy with *Argos Ltd v Argos Systems Inc* [2017] EWHC 231 (Ch), [2017] ETMR 19. Her main point, though, was that the Claimant's student customers are Leicester students, who are located in Leicester and part of that area's community, such that it is irrelevant that they come originally from other parts of the country.
52. In my judgment, in assessing the geographical scope of goodwill it is necessary to consider the facts relating to the specific business in question and to assess the degree to which persons from across England make use of or seek out a party's services. It is not sufficient simply to consider the nature of the services on offer, but to examine how the individual business trades. So, a hotel might be a large and well known undertaking drawing in and known to clients from across the UK, or could be no more than a pub or restaurant with rooms, with only local clients and goodwill. As goodwill is the "attractive force which brings in custom" (*per* Lord McNaghten in *Inland Revenue Commissioners v Muller & Co's Margarine* [1901] AC 217 at p 223) it will not always be restricted to the particular locality in which the claimant has its place of business and provides its services. For some businesses, custom may be brought in from further afield, wherever its customers may be.
53. In the light of the evidence before me, I am satisfied that the Claimant's goodwill is not limited to the Leicester area. In the UK, there is a long tradition of students going away to a university which is not located in their home town, and it is unsurprising that Mr Hill's evidence shows that the two Leicester universities have many students whose homes are elsewhere in the UK. The Claimant's services and its marketing activities of all kinds are aimed at actual and potential students at the two universities, wherever they come from across the United Kingdom, and indeed abroad. Unlike a local estate agency, which may well (depending on the particular facts) have only a local goodwill, and target its advertising locally, the Claimant seeks and has had

numerous customers from outside the Leicester area. Such students may become (or consider themselves to be) part of the local community whilst at university, in terms of taking part in local activities and even exercising their right to vote there, but that does not delimit the Claimant's goodwill. The majority of students do not sever all connection with their home town upon going to university, but return home during vacations or after graduation. The Claimant's goodwill would extend to Leicester students when they are at home, or when they have left university, as well as to their parents or others who have been involved in their choice of accommodation (perhaps as a guarantor), any of whom seeing the name SULETS used in relation to student accommodation services at another university, perhaps when applying for accommodation for a post-graduate course, or helping another person apply for accommodation, would be likely to associate the name with the Claimant. I am more doubtful as to whether the marketing activities undertaken by the Claimant up to October 2014 would have built up goodwill amongst those who had not had a connection with either of the universities which it serves in Leicester, but it does not seem to me that this precludes a finding that the Claimant had national goodwill by that date.

54. For these reasons, I find that the Defendant is not entitled to rely upon the defence provided by section 11(3), so that the claim for infringement succeeds.

#### *Passing off*

55. The List of Issues included issues in relation to the passing off claim which I summarise as follows:
- a. When did the Defendant commence trading under and by reference to the Defendant's signs?
  - b. By that date, did the Claimant own goodwill in the Mark in relation to student lettings agency services?
  - c. To what geographical area did such goodwill extend?
  - d. Does the Defendant's use of its signs amount to a misrepresentation?
  - e. Has the Claimant suffered or is it likely to suffer damage?
56. I have already set out my views on most of the points relevant to these issues in dealing with the question of the section 11(3) defence. In brief, the Defendant commenced the acts complained of in about early October 2014, by which date the Claimant had in my view a national goodwill in the Mark. I have no doubt that use of the Defendant's name SU LETS whether as a name or in the form of the Defendant's logo would have amounted to a misrepresentation. There will not have been direct loss of sales caused by such misrepresentation, because of the different geographical areas in which the parties have, to date, provided their services. However, that is not to say that the misrepresentation would not cause damage or have the potential to cause damage to the Claimant, through the erosion of the distinctiveness of the SULETS name, potential harm caused by any inadequacies in the Defendant's services and in the potential restriction of the Claimant's intended expansion of its activities.
57. The Defendant did not plead or contend specifically that if I found that it had some goodwill in the name SU LETS by March 2015 this would preclude (or would have precluded) the Claimant from bringing passing off proceedings against it or provide a



defence to the passing off claim. I think that was realistic, because in my view the fact that the Defendant had some goodwill of its own would not provide any such defence, for the reasons given by Mr Iain Purvis QC sitting as a deputy judge of the PCC in *W.S. Foster & Son Limited v Brooks Brothers UK Limited* [2013] EWPC 18 at paragraphs 56-61.

58. The claim for passing off also succeeds.
59. I will hear counsel as to the terms of the Order which I should make.