

O-434-15

TRADE MARKS ACT 1994

CONSOLIDATED PROCEEDINGS

IN THE MATTER OF:

**1) TRADE MARK APPLICATION 3058121
BY TERRY SPREADBURY
TO REGISTER THE FOLLOWING TRADE MARK IN CLASS 37:**



AND

**OPPOSITION THERETO (No 402995)
BY PETER GRAEME HIGGS**

**2) TRADE MARK APPLICATIONS 3059803 & 3059792
BY PETER GRAEME HIGGS
TO REGISTER THE FOLLOWING TRADE MARKS IN CLASSES 37 & 40:**



&

PGH

AND

**OPPOSITIONS THERETO (Nos 403469/7)
BY TERRY SPREADBURY**

Background and pleadings

1. These proceedings are cross trade mark applications/oppositions. The protagonists to the dispute are Mr Terry Spreadbury and Mr Peter Graeme Higgs. The first trade mark application was filed by Mr Spreadbury. This was opposed by Mr Higgs under sections 5(4)(a) and section 3(6) of the Trade Marks Act 1994 (“the Act”). Mr Higgs claims to own goodwill in a business associated with various signs, signs which all contain the letters PGH/P.G.H. He considers that the use of Mr Spreadbury’s mark would be preventable under the law of passing-off. Under section 3(6), Mr Higgs claims that Mr Spreadbury applied for his mark in bad faith because he knew about Mr Higgs’ business.
2. The second and third trade mark applications were filed by Mr Higgs. They were opposed by Mr Spreadbury under section 5(2)(b) of the Act. Such a ground requires Mr Spreadbury to own an earlier trade mark. The trade mark he relies upon is the first application mentioned above.
3. Counterstatements were filed by both sides defending their respective positions. Given the related issues that arise, the cases were consolidated. Both sides are professionally represented. Mr Spreadbury is represented by IP21 Ltd, Mr Higgs by Barlow Robbins LLP. Mr Higgs filed evidence and written submissions, Mr Spreadbury filed written submissions only. Neither side requested a hearing or filed written submissions in lieu.
4. Given that the opposition to the second and third applications depends on the survival of the first (otherwise there is no earlier mark), I will deal firstly with Mr Higgs’ opposition to Mr Spreadbury’s application. The details of Mr Spreadbury’s application are as follows:



Class 37: Control of pests; Control of vermin; Extermination of pests; Exterminating (Vermin-) services; Fumigation of buildings against pests; Fumigation services; Fumigation of buildings against vermin activity; Fumigation of commodities against pests; Fumigation of commodities against vermin activity; Pest control; Pest control for the prevention of insect infestation; Pest control relating to birds; Pest control relating to buildings; Pest control services; Pest eradication and extermination services; Proofing of buildings against pest and vermin access; Proofing of land against pest and vermin access; Proofing of premises against pest and vermin access; Proofing of structures against pest and vermin access; Removal and relocation of insect hives; Treatment of surfaces with pest control

formulations; Vermin control services; Vermin eradication and extermination services; information, advisory and consultancy services relating to all the aforesaid services.

Filing date: 3 June 2014

The section 5(4)(a) opposition to Mr Spreadbury's application

5. Section 5(4)(a) of the Act reads:

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

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

(b)...

A person thus entitled to prevent the use of a trade mark is referred to in this Act as the proprietor of “an earlier right” in relation to the trade mark.”

6. Halsbury's Laws of England (4th Edition) Vol. 48 (1995 reissue) at paragraph 165 provides the following analysis of the law of passing-off. The analysis is based on guidance given in the speeches in the House of Lords in *Reckitt & Colman Products Ltd v. Borden Inc.* [1990] R.P.C. 341 and *Erven Warnink BV v. J. Townend & Sons (Hull) Ltd* [1979] AC 731. It is (with footnotes omitted) as follows:

“The necessary elements of the action for passing off have been restated by the House of Lords as being three in number:

(1) that the plaintiff's goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;

(2) that there is a misrepresentation by the defendant (whether or not intentional) leading or likely to lead the public to believe that the goods or services offered by the defendant are goods or services of the plaintiff; and

(3) that the plaintiff has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the defendant's misrepresentation.

The restatement of the elements of passing off in the form of this classical trinity has been preferred as providing greater assistance in analysis and decision than the formulation of the elements of the action previously expressed by the House. This latest statement, like the House's previous statement, should not, however, be treated as akin to a statutory definition or as if the words used by the House constitute an exhaustive, literal definition of passing off, and in particular should not be used to exclude from the ambit of

the tort recognised forms of the action for passing off which were not under consideration on the facts before the House.”

7. Further guidance is given in paragraphs 184 to 188 of the same volume with regard to establishing the likelihood of deception or confusion. In paragraph 184 it is noted (with footnotes omitted) that:

“To establish a likelihood of deception or confusion in an action for passing off where there has been no direct misrepresentation generally requires the presence of two factual elements:

(1) that a name, mark or other distinctive feature used by the plaintiff has acquired a reputation among a relevant class of persons; and

(2) that members of that class will mistakenly infer from the defendant’s use of a name, mark or other feature which is the same or sufficiently similar that the defendant’s goods or business are from the same source or are connected.

While it is helpful to think of these two factual elements as successive hurdles which the plaintiff must surmount, consideration of these two aspects cannot be completely separated from each other, as whether deception or confusion is likely is ultimately a single question of fact.

In arriving at the conclusion of fact as to whether deception or confusion is likely, the court will have regard to:

(a) the nature and extent of the reputation relied upon;

(b) the closeness or otherwise of the respective fields of activity in which the plaintiff and the defendant carry on business;

(c) the similarity of the mark, name etc. used by the defendant to that of the plaintiff;

(d) the manner in which the defendant makes use of the name, mark etc. complained of and collateral factors; and

(e) the manner in which the particular trade is carried on, the class of persons who it is alleged is likely to be deceived and all other surrounding circumstances.”

In assessing whether confusion or deception is likely, the court attaches importance to the question whether the defendant can be shown to have acted with a fraudulent intent, although a fraudulent intent is not a necessary part of the cause of action.”

The relevant date

8. Whether there has been passing-off must be judged at a particular point (or points) in time. In the decision of the Court of Appeal in *Roger Maier and Assos of*

Switzerland SA v ASOS plc and ASOS.com Limited [2015] EWCA Civ 220 it was stated:

“165. There is a further complication, however. Under the English law of passing off, the relevant date for determining whether a claimant has established the necessary reputation or goodwill is the date of the commencement of the conduct complained of (see, for example, *Cadbury-Schweppes Pty Ltd v The Pub Squash Co Ltd* [1981] RPC 429). The jurisprudence of the General Court and that of OHIM is not entirely clear as to how this should be taken into consideration under Article 8(4) (compare, for example, T-114/07 and T-115/07 *Last Minute Network Ltd* and Case R 784/2010-2 *Sun Capital Partners Inc.*). In my judgment the matter should be addressed in the following way. The party opposing the application or the registration must show that, as at the date of application (or the priority date, if earlier), a normal and fair use of the Community trade mark would have amounted to passing off. But if the Community trade mark has in fact been used from an earlier date then that is a matter which must be taken into account, for the opponent must show that he had the necessary goodwill and reputation to render that use actionable on the date that it began.”

9. The above related to a community trade mark, however, the same applies, *mutatis mutandis*, to a UK national trade mark.

10. Mr Spreadbury applied for his trade mark on 3 June 2014. He has filed no evidence in these proceedings so there is nothing to show that he has used his trade mark before it was filed. Accordingly, the matter need only be assessed as of 3 June 2014.

Goodwill

11. In *Inland Revenue Commissioners v Muller & Co's Margarine Ltd* [1901] AC 217 (HOL) the following was stated in respect of goodwill:

“What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start.”

12. In *Hart v Relentless Records* [2003] FSR 36, Jacob J. (as he then was) stated that:

“62. In my view the law of passing off does not protect a goodwill of trivial extent. Before trade mark registration was introduced in 1875 there was a right of property created merely by putting a mark into use for a short while. It was an unregistered trade mark right. But the action for its infringement is now barred by s.2(2) of the Trade Marks Act 1994. The provision goes back to the very first registration Act of 1875, s.1. Prior to then you had a property right on which you could sue, once you had put the mark into use. Even then a little time was needed, see per Upjohn L.J. in BALI Trade Mark [1969] R.P.C. 472.


The whole point of that case turned on the difference between what was needed to establish a common law trade mark and passing off claim. If a trivial goodwill is enough for the latter, then the difference between the two is vanishingly small. That cannot be the case. It is also noteworthy that before the relevant date of registration of the BALI mark (1938) the BALI mark had been used “but had not acquired any significant reputation” (the trial judge’s finding). Again that shows one is looking for more than a minimal reputation.”

13. However, a small business which has more than a trivial goodwill can protect signs which are distinctive of that business under the law of passing off even though its reputation may be small. In *Stacey v 2020 Communications* [1991] FSR 49, Millett J. stated that:

“There is also evidence that Mr. Stacey has an established reputation, although it may be on a small scale, in the name, and that that reputation preceded that of the defendant. There is, therefore, a serious question to be tried, and I have to dispose of this motion on the basis of the balance of convenience.”

See also: *Stannard v Reay* [1967] FSR 140 (HC); *Teleworks v Telework Group* [2002] RPC 27 (HC); *Lumos Skincare Limited v Sweet Squared Limited and others* [2013] EWCA Civ 590 (COA).

14. In his statement of case Mr Higgs identified a number of signs which he claims to have used in the course of his pest control business:

- From 2008 in Surrey and Sussex, **PGH Pest Control Services, PGH Pest and Vermin Control, P.G.H. Pest Control & Vermin Services, P.G.H., P.G.H, PGH Pest Control** and **PGH**.
- From 2009 in the South East & London, Surrey and Essex, **P.G.H. Pest Control & Prevention** and **PGH Pest Control and Country Services**.
- From 2010 in London and South East England,  **PGH**.
- From 2014 in the South East and London, **PGH Environmental**.

15. The evidence in support of Mr Higgs’ case comes, in the form of a witness statement, from Mr Higgs himself. He states that he is a sole trader and provides pest control services under the brand name PGH. The business provides a range of pest control services including the control, deterrence and elimination of common pests such as rodents, moles, birds and insects affecting both commercial and domestic premises. He states in paragraph 1 of his witness statement that the business has operated “since or about 2009” but then states in paragraph 5 that it has operated since 2008 “widely throughout the South East of England and specifically Surrey, West and East Sussex, Hampshire, Berkshire and Kent as well as in London”.

16. Mr Higgs states again at paragraph 5 of his witness statement that he began to trade in or about 2008. He decided to give himself a high profile as the proprietor of the business and, therefore, much of his marketing features his own image. The letters PGH are his initials. Mr Higgs was the recipient of The Prince's Trust National RBS and Samsung Enterprise Award for London and the South East (in 2012) and nationally (in March 2013). He states that his personal profile was enhanced due to this and that it gave his business and the PGH brand "very high media coverage". Exhibit PGH 1 consists of a page from the *Pest Control News* publication from May 2013. The article is about Mr Higgs winning this award. It makes one mention of Mr Higgs business "PGH Pest Control". I note that a quotation attributed to Mr Higgs reads "I decided I wanted to go out and start my own pest control company in 2009" [my emphasis]. I emphasise this date as it conflicts with Mr Higgs' statement that he started his business in 2008.

17. Mr Higgs states that he has always invested in advertising and marketing. He provides in Exhibit PGH 2 a number of business cards he has used since 2009. There are eight in total. All bar one refer to Mr Higgs (Peter or Pete Higgs) as proprietor of the business. Four contain a picture of him. Those four also depict a logo consisting of the letters PGH with what Mr Higgs calls a "pin logo" running through it with the words "pest control and prevention underneath". The logo is akin to trade mark 3059803 although the pin is somewhat fainter. The other four business cards use the letters/words: P.G.H Pest & Vermin Control Services; P.G.H Pest control & vermin services; P.G.H. Pest Control & Prevention (on two business cards). There are no dates on any of the business cards showing when they were in use.

18. Exhibit PGH 3 contains what Mr Higgs describes as illustrative examples of supplier invoices. They are from July 2008 and June 2010, invoicing PGH PEST CONTROL and P.G.H PEST CONTROL for goods to be used as part of Mr Higgs' business.

19. Exhibit PGH 4 contains illustrative examples of customer invoices. Two are provided. The first is dated 13 December 2010 to a customer in Peaslake, Surrey, the value of the invoice being £553.19; the second is to a customer in Cranleigh, Surrey, the value of the invoice being £173.00

20. Exhibit PGH 5 contains an invoice from Dart Design dated 5 March 2010 for the production of business cards. The card is one of the ones showing a picture of Mr Higgs, his name and the pin logo (although it is difficult to see the pin itself).

21. Exhibit PG6 contains what Mr Higgs describes as a representative example of an advertisement. The example dates from March 2010, identifies the business as P.G.H PEST CONTROL & PREVENTION (Mr Higgs is identified as the contact point). Part of the advertisement states "Your friendly and local professional pest controller...". It appeared in Shere, Peaslake and Gomshall (Surry) Parish magazine. I take this to be a single publication.

22. Exhibit PG7 contains an undated advertisement placed in the *Homes in Brief* section of *Premier Magazine*. Mr Higgs describes this as an upmarket magazine

circulated to prestige addresses in the KT and GU postcode areas of Surrey and in the exclusive SW3 London area. The advertisement features the pin logo.

23. Mr Higgs states that the exhibits he provides are just representative examples that prove use of his trade marks and are not comprehensive of all instances of use.

24. Exhibit PGH 8 contains financial information prepared by Mr Higgs' bookkeeper. It shows turnover figures as follows: Year ending March 2009 (£4,012), 2010 (£9, 124), 2011 (£32, 923), 2012 (£74, 460), 2013 (£98, 555), 2014 (£124, 381). A figure (£205, 949) is also provided for the year ending 2015 "so far" (Mr Higgs' witness statement is dated before the end of this year). However this is only relevant to the extent that a proportion of this turnover will be attributable to the period of just over two months between 1 April 2014 (the start of the relevant financial year) and 3 June 2014 (the relevant date). The same exhibit records that there are 1,566 clients on record.

25. Mr Higgs states that his business now employs two technicians (in addition to himself). He adds that they wear clothing exhibiting the PGH brand (currently the pin logo) and branded vehicles are used in the course of serving customers.

26. Exhibit PGH 9 contains information about the HW Young Entrepreneur Award – Mr Higgs was runner up. Part of the information relates to "Peter Higgs – PGH Pest Control & Prevention". It refers to the business as operating in the South of the UK. There is nothing to show what impact this award or material has had on anyone.

27. Exhibit PGH 10 contains an article from the Surrey Advertiser dated 5 April 2013. The article is about Mr Higgs winning the RBS Enterprise Award. The article refers, amongst the body of text, to his business, PGH Pest Control and Prevention. Mr Higgs states that this article has enhanced his reputation in Surrey.

28. Exhibit PGH 11 contains an article from *Premier Magazine* (January –March 2013). The article is written by Mr Higgs about pest prevention and lists the contact point as PGH Pest Control & Prevention. The magazine covers states that it is "mailed to select Surrey addresses and areas of Chelsea".

29. Mr Spreadbury did not file any evidence in the proceedings. He did, though, file written submissions, prepared by his representatives at IP21. The main points from these submissions are:

- i) That the opponent's full name and image forms a major part of his business, the applicant's mark plays no role in this.
- ii) There is contradictory evidence, including the date of first use.
- iii) There is no evidence that PGH (as per the marks applied for by Mr Higgs or as an unregistered mark) has become factually distinctive of Mr Higgs.
- iv) There is nothing to support that Mr Higgs' brand is PGH per se.

- v) The winning of awards, whilst commendable, relates more to Mr Higgs personally not the actual business. The impact and significance of the awards is questioned.
- vi) The signs relied upon do not give rise to confusion, and some appear to be no longer in use.
- vii) No evidence as to the cost of marketing is given and the business cards are not broken down to those that are still in use.
- viii) The supplier invoices do not show use of PGH alone.
- ix) The same criticism is made to the customer invoices. Additionally, Mr Spreadbury assumes that the use has now been replaced by the pin logo and that any use prior to that ought to be disregarded.
- x) The invoice relating to business cards is for the pin logo and the number of cards ordered is not given nor how many remain.
- xi) The print run of the advertisements in magazines is not clear.
- xii) That use is only supported for the pin logo mark and, even then, it is insufficient to support the claims made.
- xiii) 1566 customers is not extensive use as claimed

30. The submissions filed by Mr Higgs (via his representatives at Barlow Robbins) state that the differences between the forms of use made do not matter because of the consistent use throughout of the letters PGH. It is submitted that a protectable goodwill exists in the South East of England.

31. I have no doubt that, by the relevant date, Mr Higgs had been operating a pest control business for a number of years. Although it is not clear as to the exact date of first use, the business will have been operating for at least around 4 years as of the relevant date. It is also clear that the business has been growing (as evidenced by the turnover figures). I come to the view that by the relevant date the business cannot be considered as a trivial one. Some advertising has taken place, even though it is a valid criticism that the details of such advertising (and the amount spent) are sparse. Whilst more advertising may have taken place, further information ought to have been provided if significant weight was to be placed upon it. In terms of the signs that the business has used, they all make use of the letters PGH or P.G.H. The early use appears to be in the form of plain letters P.G.H together with some descriptive wording. On the basis of the totality of the evidence, the use changed in 2010 to the pin logo being the predominant form used, although there is still some use without the pin logo (see Exhibit PGH11 for example). The applicant takes issue with the varying forms of use. I do not consider this to be a major problem. The pin logo strikes me as nothing more than a development of Mr Higgs' branding. It is not symptomatic of a business ending and a new business starting. The letters PGH or P.G.H will be a key part of what Mr Higgs' customers remember. Those letters form part of the attractive force of his business.

32. It is clear that the goodwill of Mr Higgs is less than a national one. Indeed, in his own submissions Mr Higgs accepts that the law of passing-off may only prevent use of Mr Spreadbury's mark in the South East of England. The South East of England is a broad area. I doubt whether the goodwill extends to such a large area. Mr Spreadbury has made a number of criticisms (as detailed above) about the evidence on goodwill. Whilst such criticisms have not prevented me from finding the existence of goodwill of a more than a trivial level, it is clear that the evidence is not well marshalled with regard to the geographical scope of goodwill. Of the two invoices supplied, there is one customer in Peaslake, another in Cranleigh. These strike me as fairly small locations. They are both in Surrey, not that far from each other. However, a pest control business with over 1500 customers (even if some of those customers are from after the relevant date) is unlikely to be focused purely in those two small locations. There is some support for the existence of goodwill in a wider area given the advertising in the *Premier Homes* magazine. Although one does not know how widely circulated this publication is (as it is only for "select" homes), or how many customers used the services as a result of seeing the advertisement, it at least supports the proposition that Mr Higgs does not focus solely on the two locations mentioned above. Although the evidence does not permit an exact finding, I am prepared to accept that the goodwill would have extended to large parts of the county of Sussex. I cannot say more than that.

Misrepresentation

33. The test for misrepresentation was outlined by Morritt L.J. in *Neutrogena Corporation and Another v Golden Limited and Another*, 1996] RPC 473:

"There is no dispute as to what the correct legal principle is. As stated by Lord Oliver of Aylmerton in *Reckitt & Colman Products Ltd. v. Borden Inc.* [1990] R.P.C. 341 at page 407 the question on the issue of deception or confusion is

"is it, on a balance of probabilities, likely that, if the appellants are not restrained as they have been, a substantial number of members of the public will be misled into purchasing the defendants' [product] in the belief that it is the respondents'[product]"

The same proposition is stated in Halsbury's Laws of England 4th Edition Vol.48 para 148 . The necessity for a substantial number is brought out also in *Saville Perfumery Ltd. v. June Perfect Ltd.* (1941) 58 R.P.C. 147 at page 175 ; and *Re Smith Hayden's Application* (1945) 63 R.P.C. 97 at page 101."

And later in the same judgment:

".... for my part, I think that references, in this context, to "more than *de minimis* " and "above a trivial level" are best avoided notwithstanding this court's reference to the former in *University of London v. American University of London* (unreported 12 November 1993) . It seems to me that such expressions are open to misinterpretation for they do not necessarily connote the opposite of substantial and their use may be thought to reverse the proper emphasis and concentrate on the quantitative to the exclusion of the qualitative aspect of confusion."

34. Mr Spreadbury has applied for services which can all loosely be described as pest control services. They are in the exact same (or very similar) business field as Mr Higgs. The most dominant part of Mr Spreadbury's mark is the letters PGH, the same three letters that are the dominant parts of the signs used by Mr Higgs in the course of his business. I must not, though, simply compare the dominant parts of the marks. I must consider Mr Spreadbury's mark as a whole with the various signs as a whole used by Mr Higgs in his business. However, taking into account that words such as PEST CONTROL (in Mr Spreadbury's mark) and PEST CONTROL & PREVENTION/Pest & Vermin Control Services/Pest control & vermin services (in the signs used by Mr Higgs) are wholly descriptive, they do little to assist in avoiding a misrepresentation occurring. There are other parts of the marks/signs to consider. For example, Mr Spreadbury's mark has a series of eight common pests (spiders, moles, rats [etc]) around the mark underneath which are the words "the spider/mole/rat [etc] man". One of the signs used by Mr Higgs contains a pin device. Mr Higgs' personal image also forms part of his most common signage. I have considered all these factors, but I do not consider them to be sufficient to avoid a misrepresentation from occurring. Put simply, those familiar with Mr Higgs' business will assume that the services provided under Mr Spreadbury's mark are the responsibility of Mr Higgs. Although they may notice the change in presentation, this will be put down to a revamp of branding. A misrepresentation will arise.

35. Given my findings on goodwill, such misrepresentation will only occur in the county of Surrey. Mr Spreadbury's application is for a national mark, the notional use of which includes used in the same geographical area. In any event, Mr Spreadbury has not provided any evidence or submissions suggesting that his business is somewhere other than Surrey. Indeed, his address is also in Surrey so, in the absence of evidence to the contrary, I conclude that it is likely that Mr Spreadbury is trading there.

Damage

36. Given the above finding, it seems to me that there is an obvious prospect for damage in terms of the potential for a direct loss of sales, with customers going to Mr Spreadbury instead of Mr Higgs. Mr Higgs will, therefore, lose business as a result. Damage can also be wider than simply a loss of sales. In *Maslyukov v Diageo Distilling Ltd* Arnold J stated:

"85 Secondly, counsel submitted that the hearing officer had wrongly failed to recognise that damage resulting from Diegeo's loss of control over the marks, including erosion of distinctiveness of the marks, was sufficient damage to sustain a passing off action, as shown by the following passage from McAlpine at [20] which the hearing officer himself quoted at para.128 of the decision:

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

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

In so saying, he was not limiting the kinds of potential damage to those listed by him. Rather, he was indicating that the subtleties of the effect of passing off extend into effects that are more subtle than merely sales lost to a passing off competitor. In *Associated Newspapers Ltd v Express Newspapers* [2003] F.S.R. 909 at 929 Laddie J. cited this passage, referred to other cases and went on to say:

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

The same judge expressed himself more picturesquely, but equally helpfully, in *Irvine v Talksport Ltd* [2002] 1 *W.L.R.* 2355 at 2366. Having pointed out the more familiar, and easier, case of a defendant selling inferior goods in substitution for the claimant's and the consequential damage, he went on to say:

‘But goodwill will be protected even if there is no immediate damage in the above sense. For example, it has long been recognised that a defendant cannot avoid a finding of passing off by showing that his goods or services are of as good or better quality than the claimant's. In such a case, although the defendant may not damage the goodwill as such, what he does is damage the value of the goodwill to the claimant because, instead of benefiting from exclusive rights to his property, the latter now finds that someone else is squatting on it. It is for the owner of goodwill to maintain, raise or lower the quality of his reputation or decide who, if anyone, can use it alongside him. The ability to do that is compromised if another can use the reputation or goodwill without his permission and as he likes. Thus *Fortnum and Mason* is no more entitled to use the name *FW Woolworth* than *FW Woolworth* is entitled to use the name *Fortnum and Mason ...*’ ‘The law will vindicate the claimant's exclusive right to the reputation or goodwill. It will not allow others so to use goodwill as to reduce, blur or diminish its exclusivity.’ (at 2368)

In *Taittinger SA v Allbev Ltd* [1994] 4 All ER 75 at 88, Peter Gibson L.J. acknowledged that:

‘Erosion of the distinctiveness of the name champagne in this country is a form of damage to the goodwill of the business of the champagne houses.’ The same view was expressed by Sir Thomas Bingham MR at 93.”

37. To illustrate the point further, I note that in *WS Foster & Son Limited v Brooks Brothers UK Limited* [2013] EWPC 18, Mr Recorder Iain Purvis QC stated:

“Damage

55 Although proof of damage is an essential requirement of passing off cases, it will generally be presumed where a misrepresentation leading to a likelihood of deception has been established, since such deception will be likely to lead to loss of sales and/or more general damage to the exclusivity of the Claimant's unregistered mark. Mr Aikens accepted that if there was a misrepresentation in the present case, then he had no separate case on damage. I hold that damage is inevitable, at least in the sense recognised in *Sir Robert McAlpine v Alfred McAlpine* [2004] RPC 36 at 49 (the ‘blurring, diminishing or erosion’ of the distinctiveness of the mark).”

38. The reputation of a business in the pest control field is likely to be important. Placing that reputation in the hands of another could have a serious impact and is another form of damage that must be guarded against.

39. In view of the findings I have made, the opposition under section 5(4)(a) against Mr Spreadbury’s application is successful.

The section 3(6) objection to Mr Spreadbury’s application

40. I do not consider it necessary to consider this ground. There is no evidence specifically directed to Mr Spreadbury’s knowledge of Mr Higgs’ business at the relevant date. The only possible argument would be that such knowledge should be inferred on the basis that Mr Higgs’ business had a goodwill in the area in which Mr Spreadbury is to operate. Consequently, this ground takes matters no further forward. For example, if I am overturned on appeal regarding my finding that Mr Higgs’ business had a protectable goodwill and/or the existence of misrepresentation/damage then there would be no prospect at all for the ground under section 3(6). Therefore, as this ground will not take matters any further forward then, for sake of procedural economy, I will leave matters there.

The section 5(2)(b) opposition to Mr Higgs’ applications

41. Given the findings I have made under section 5(4)(a) above, Mr Spreadbury no longer has a basis for his opposition. His opposition must, therefore, be rejected.

42. For sale of completeness I should add that if my finding in relation to Mr Spreadbury’s application is overturned on appeal (on the issue of goodwill for

example), then his opposition to Mr Higgs' application would succeed. Whilst the test for misrepresentation and confusion may have certain differences, what I have assessed in paragraph 33 above would nevertheless lend itself to a likelihood of confusion.

Costs

43. Mr Higgs has been successful and is entitled to a contribution towards his costs. I take into account that the three sets of proceedings were consolidated which would have saved some costs. I award costs on the follow basis:

Official Fee - £200

Preparing statements and considering the other side's statements - £500

Evidence and accompanying submissions £1000

Total - £1700

44. I therefore order Mr Spreadbury to pay Mr Higgs the sum of £1700. This should be paid within 14 days of the expiry of the appeal period or within 14 days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this 15th day of September 2015

**Oliver Morris
For the Registrar,
The Comptroller-General**