

Relying on extended passing off in the context of Article 8(4) EUTMR

Geoffrey Hobbs QC

1. In the United Kingdom, claims for ‘passing off’ are generally determined in accordance with the criteria for liability identified in three cases decided at the highest level: (i) the ‘Advocaat’ case (Erven Warnink BV v J. Townend & Sons (Hull) Ltd [1979] AC 731); (ii) the ‘JIF Lemon’ case (Reckitt & Colman Products Ltd v Borden Inc [1990] RPC 341); and (iii) the ‘NOW TV’ case (Starbucks (HK) Ltd v British Sky Broadcasting Group Plc [2015] UKSC 31).
2. The action for passing off is a private law action for misrepresentation. In its ‘*conventional*’ form it serves to prevent economic operators from implicating other economic operators in economic activities which they have not authorised, cannot control and are not responsible for. In principle, it does not prevent economic operators from imitating or emulating the economic activities of other economic operators in the absence of misrepresentation.
3. Whilst the conduct in question must be relevantly misleading, there is no requirement for the offending misrepresentation to be made or conveyed by any particular means or in any particular manner.
4. The conduct in question will often involve use by the defendant of a ‘sign’ or ‘designation’ within the meaning of those expressions as used in the EUTMR. However, there is no condition or requirement that it must involve the use of any such ‘sign’ or ‘designation’.

5. The conduct in question will often involve marketing by the defendant of goods or services that are either ‘identical’ or ‘similar’ to those of the claimant within the meaning of those expressions as used in the EUTMR. However, there is no condition or requirement that the defendant’s goods or services must be ‘identical’ or ‘similar’ to those of the claimant.
6. A claimant in passing off cannot simply complain of the fact that the defendant is making or conveying a misrepresentation in the course of trade. The court must be satisfied that he has a private right to sue the defendant for an injunction and commensurate financial relief for making or conveying the particular type of misrepresentation that is in issue. In other words, there is a substantive requirement for the claimant to establish *locus standi* to sue for the protection of his own economic interests.
7. In Advocaat the House of Lords upheld a claim for passing off in ‘*extended*’ form. It was decided that the concept of ‘*distinctiveness*’ should be applied sufficiently liberally to allow for the deceptive use of a designation to be prevented by means of an action for passing off not only: (i) where the designation serves to individualise particular products to a single economic undertaking; but also: (ii) where, as in that case, it serves to individualise particular products to a definable and defined class of independent economic undertakings.
8. Lord Diplock stated at p. 747:

‘Of course it is necessary to be able to identify with reasonable precision the members of the class of traders of whose products a particular word or name has become so distinctive as to make

their right to use it truthfully as descriptive of their product a valuable part of the goodwill of each of them... .' (emphasis added)

9. At p.755 Lord Fraser of Tullybelton referred to:

'... the principle underlying the earlier passing off actions, which I take to be that the plaintiff is entitled to protect his right of property in the goodwill attached to a name which is distinctive of a product or class of products sold by him in the course of his business.' (emphasis added)

10. All members of the Court endorsed the approach which had previously been adopted at first instance in the 'Champagne' case (J.Bollinger v Costa Brava Wine Co Ltd [1960] Ch 262 at p. 284) to the following effect:

'There seems to be no reason why ... licence should be given to a person, competing in trade, who seeks to attach to his product a name or description with which it has no natural association so as to make use of the reputation and goodwill which has been gained by a product genuinely indicated by the name or description. In my view, it ought not to matter that the person truly entitled to describe their goods by the name and description are a class producing goods in a certain locality, and not merely one individual. The description is part of their goodwill and a right of property. I do not believe that the law of passing off, which arose to prevent unfair trading is so limited in scope.' (emphasis added)

11. The reasoning in Advocaat widens the range of designations in relation to which there can be *locus standi* to sue for protection against deceptive use in an action for passing off. Examples of designations which have been protected in cases decided upon the basis of that reasoning are: CHAMPAGNE; SHERRY; ADVOCAAT; SCOTCH WHISKY; WHISKY; SWISS CHOCOLATE; VODKA and GREEK YOGHURT.

12. By extension upon extension in the case law, the capacity of a designation to be used deceptively to the particular economic detriment or disadvantage of the claimant has evolved as a *litmus test for the existence of sufficient 'distinctiveness' in the designation to provide him with locus standi to maintain a private right of action for passing off. It remains to be seen how far the courts in the United Kingdom may ultimately be prepared to go in allowing the action for passing off to operate as a source of civil liability for misdescription.*
13. In Jif Lemon (at p. 406, per Lord Oliver) the House of Lords provided the following guidance as to what must be established in order for a claimant to succeed in a 'conventional' claim for protection of a sign by means of an action for passing off:

'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 a trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to 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. For example, if the public is accustomed to rely upon a particular brand name in purchasing goods of a particular description, it matters not at all that there is little or no public awareness of the identity of the proprietor of the brand name. 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.' (emphasis added)

14. The ‘goodwill’ requirement (which must be satisfied whether the claim is for passing off in ‘*conventional*’ or in ‘*extended*’ form) was examined by the Supreme Court of the United Kingdom in NOW TV.

15. The Court confirmed (at paras [20], [52] and [53], per Lord Neuberger PSC) that in order to establish a protectable economic interest in a business identifier the claimant must show that there is ‘goodwill’ (not simply in the sense of reputation, but in the sense of a customer connection) attaching to it as a result of use in commerce in the United Kingdom:

[20] Nonetheless, it does appear that the courts in the United Kingdom have consistently held that it is necessary for a claimant to have goodwill, in the sense of a customer base, in this jurisdiction, before it can satisfy the first element identified by Lord Oliver. That this has been the consistent theme in the cases can be well established by reference to a series of House of Lords decisions, and a decision of the Judicial Committee of the Privy Council, over the past century.

...

[52] As to what amounts to a sufficient business to amount to goodwill, it seems clear that mere reputation is not enough, as the cases cited in paras. 21-26 and 32-36 above establish. The claimant must show that it has a significant goodwill, in the form of customers, in the jurisdiction, but it is not necessary that the claimant actually has an establishment or office in this country. In order to establish goodwill, the claimant must have customers within the jurisdiction, as opposed to people in the jurisdiction who happen to be customers elsewhere. Thus, where the claimant’s business is carried on abroad, it is not enough for a claimant to show that there are people in this jurisdiction who happen to be its customers when they are abroad. However, it could be enough if the claimant could show that there were people in this jurisdiction who, by booking with, or purchasing from, an entity in this country, obtained the right to receive the claimant’s service abroad. And, in such a case, the entity need not be a part or branch of the claimant: it can be someone acting for or on behalf of the

claimant. That is why, as explained in *Athlete's Foot*, the decision in *Panhard et Levassor* and the observations in *Pete Waterman* are compatible with the decision in *Alain Bernardin*.

[53] As to Lord Diplock's statement in *Star Industrial* that, for the purpose of determining whether a claimant in a passing off action can establish the first of Lord Oliver's three elements, an English court has to consider whether the claimant can establish goodwill in England, I consider that it was correct. In other words, when considering whether to give protection to a claimant seeking relief for passing off, the court must be satisfied that the claimant's business has goodwill within its jurisdiction.

16. It was also confirmed in NOW TV (at para. [16]) that in order to succeed in a claim for passing off, the claimant must show that the requirements for liability were satisfied as at the inception of the use complained of. Which in that case was: 'the date when [the defendant] went public about its imminent intention to launch its IPTV service in the UK under the name NOW TV'.
17. Consistently with that requirement, the Court of Appeal in England has held in Roger Maier v ASOS Plc [2015] EWCA Civ 220 at para. [165] per Kitchin LJ that for the purpose of applying Article 8(4) EUTMR: '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 [EU] trade mark would have amounted to passing off. But if the [EU] 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 to show that he had the necessary goodwill and reputation to render that use actionable on the date that it began'.

18. Linked to that is the effect that subsequent use can have upon the relative rights of the parties to the proceedings. In the United Kingdom, within the area of commercial conflict: (a) the senior user prevails over the junior user; (b) the junior user cannot deny the senior user's rights; (c) the senior user can challenge the junior use unless and until it is inequitable for him to do so. Croom's Trade Mark Application [2005] RPC 2 at paras [45] and [46].
19. Point (c) enables use which might initially have been actionable in passing off to qualify for recognition as '*honest concurrent use*' having regard to the state of equilibrium which has subsequently arisen in the relevant section of the market in the United Kingdom. In such circumstances, a claim for passing off is liable to fail on the basis that the claimant and the defendant are each concurrently entitled to carry on using the business indicia they have been using.
20. This recognises that consumers tend to adjust their perceptions and adapt to the reality of concurrent use of marks and signs c.f. the Judgment of the Court of Appeal in IPC Media Ltd v Media 10 Ltd [2014] EWCA Civ 1439 at paras. [40] to [58] following the approach previously adopted by the Court of Appeal in Budejovicky Budvar NP v Anheuser-Busch Inc [2012] EWCA Civ 880 at paras. [20] to [23]. The CJEU has the opportunity to consider the appropriateness of that approach in the context of the pending reference from the Audiencia Provincial de Alicante in Case C-93/16 The Irish Dairy Board.
21. It can be seen that a claim for passing off requires a 'global appreciation' of all relevant circumstances. It is necessary to keep clearly in mind that the concepts of 'distinctiveness', 'descriptiveness', 'deceptiveness' and 'damage' are inter-related. It

is also necessary to recognise that a claim which might once have been tenable can be neutralised by the equities of the situation as it has come to exist at ground level.

22. Claims for ‘*extended*’ passing off do indeed enable traders to protect their individual economic interests in shared goodwill, as emphasised by the Court of Appeal in England in the ‘GREEK YOGHURT’ case, Fage UK Ltd v Chobani UK Ltd [2014] EWCA Civ 5 at para. [65] per Kitchin LJ:

‘Fourth, the kind of passing off with which this case is concerned, so called extended passing off, is no different in principle from conventional passing off. As Lord Diplock said in the *Advocaat* case, they are both species of the same genus. In an extended passing off case, the allegation is not that the defendant has, by the use of a name, misrepresented his goods as those of the claimant but rather that he has misrepresented his goods as those of a class of traders of whom the claimant need only be one. The goodwill invaded by the defendant is not that of one trader alone but is shared with all other traders of whose goods the name is distinctive. Furthermore, the class is not fixed in that other traders may join it and, so too, traders may fall out of it. However, both these kinds of passing off satisfy all of the requirements laid down by Lord Diplock and Lord Fraser in the *Advocaat* case. In each case the claimant must establish that the name he is seeking to protect has acquired a goodwill, that is to say an attractive power, and the use of the same name by another trader amounts to a misrepresentation which is calculated to cause deception and so cause the claimant damage in his business.’ (emphasis added).

23. The injunction granted in an action for ‘*extended*’ passing off does not absolutely prohibit the defendant from using the sign which the court has found to be entitled to protection. The prohibition is expressed in terms which recognise that anyone and everyone is free, from the perspective of the law relating to ‘*extended*’ passing off, to use the relevant sign truthfully in the course of trade in relation to goods or services

which do in fact possess the relevant properties or characteristics (as confirmed by the Court of Appeal in England in the ‘GREEK YOGHURT’ case, see para. 22 above).

24. Thus, the injunction granted in Advocaat prohibited the defendant from advertising, offering for sale, selling or distributing any product under or bearing the name or description of ‘advocaat’ or any word so nearly resembling it as to be likely to be confused therewith unless such product basically consisted of spirit and eggs and did not include wine. And the injunction granted in the ‘GREEK YOGHURT’ case prohibited the defendant from advertising, offering for sale, selling or supplying any yoghurt product bearing the expression “GREEK YOGHURT” and / or “GREEK YOGURT” unless the said yoghurt product is or contains a yoghurt product that has been produced in Greece.
25. The key point for the purposes of Article 8(4) / Article 53(1)(c) EUTMR is that the law of passing off embraces: (i) cases where **the absence of the falsely suggested economic link between the claimant and the defendant’s goods, services or commercial activities gives rise to liability for origin related misrepresentation;** and (ii) cases where **the absence of the falsely suggested properties or characteristics of the defendant’s goods, services or commercial activities gives rise to liability for origin neutral misrepresentation.**
26. Claims for ‘*extended*’ protection fall within category (ii). Such claims presumably cannot be permitted to operate within the framework of the EUTMR either as an alternative to or incompatibly with the uniform and exhaustive EU regimes for the protection of PDOs /GIs. Case C-478/07 Budejovicky Budvar NP v Rudolf Ammersim GmbH EU:C:2009:521 at paras. [114] and [115]; Case C-120/08 Bavaria

NV v Bayerische Brauerbund eV EU:C:2010:798 at para. [59]; Case C-35/13 Assica EU:C:2014:306 at paras [17] and [28] et seq.; EUIPO Opposition Guidelines (23.03.2016) Part C, Section 4, paras. 5.2.1.3 and 5.2.2.

27. However, origin neutral deception of the kind remedied by claims for '*extended*' protection within category (ii) can presumably be challenged within the framework of the EUTMR by invoking Article 7(1)(g) / Article 52(1)(a) for invalidity in relation to 'trade marks which are of such a nature as to deceive the public, for instance as to the nature, quality or geographical origin of the goods or service' and by invoking Article 51(1)(c) for revocation 'if, in consequence of the use made of it ... in respect of the goods or services for which it is registered, the trade mark is liable to mislead the public, particularly as to the nature, quality or geographical origin of those goods or services'.
28. The major question is whether origin neutral deception of the kind remedied by claims for '*extended*' protection within category (ii) can be pursued within the framework of the EUTMR by invoking Article 8(4) / Article 53(1)(c) on objection 'by the proprietor of a non-registered trade mark or of another sign used in the course of trade of more than mere local significance ... where and to the extent that ... (b) that sign confers on its proprietor the right to prohibit the use of the subsequent trade mark'.
29. That calls for consideration of the rulings in the BASMATI opposition proceedings, where Tilda Riceland Private Ltd invoked Article 8(4) on the basis of the law relating to '*extended*' protection within category (ii) in order to support an objection to Siam Grains Company Ltd's EU Trade Mark Application No. 003520641 filed on 4

November 2003 for registration of a figurative mark containing the word BASmALI for use in relation to 'long rice' in Class 30: Decision dated 19 March 2009 of the First Board of Appeal in Case R 513/2008-1, annulled on appeal to the General Court in Case T-304/09 EU:T:2012:13; Decision dated 18 December 2013 of the Fourth Board of Appeal in Case R 1086/2012-4, annulled on appeal to the General Court in Case T-136/14 EU:T:2015:734.

30. (i) What is the meaning of the word 'sign' as used in the context of the expression 'the proprietor of a non-registered trade mark or of another sign used in the course of trade' in Article 8(4)? (ii) Can a designation which serves to provide an origin neutral indication of the properties or characteristics of a particular type of goods or services be a 'sign' for the purposes of Article 8(4)? (iii) Is it possible for someone to be 'the proprietor' of such a designation for the purposes of Article 8(4) in circumstances where anyone and everyone is free, from the perspective of the law relating to 'extended' passing off, to use it truthfully in the course of trade in relation to goods or services which do in fact possess the relevant properties or characteristics (as confirmed by the Court of Appeal in England in the 'GREEK YOGHURT' case, see para. 22 above)? (iv) Must the person claiming to be 'the proprietor' of such a designation establish (as would be required in order to succeed in a claim for 'extended' passing off) that 'the subsequent trade mark' will be used for goods or services which do not in fact possess the relevant properties or characteristics? (v) Does such a designation confer 'the right to prohibit the use of the subsequent trade mark' for the purposes of Article 8(4) in circumstances where the injunction granted in a claim for 'extended' passing off would be worded in qualified form (as noted in paras. 23 and 24 above)?

31. In Case T-304/09 the General Court proceeded upon the basis that: ‘... it is clear from the contested decision that the Board of Appeal rejected the opposition on the sole ground that that the applicant had not proved that it was [the] proprietor of the sign relied on in support of the opposition. ... The Board of Appeal did not ... reject the opposition on the ground that the sign in itself could not serve as the basis for an opposition in accordance with Article 8(4) ...’ para [20]. The Court held that sufficient rights of proprietorship over a sign could be acquired for the purposes of Article 8(4) by virtue of the law relating to ‘*extended*’ protection in passing off. It rejected the Board of Appeal’s approach to proprietorship on the basis that: ‘... a sign used to designate goods or services may have acquired a reputation on the market for the purposes of the law applicable to an action for passing off, even though it originally had a descriptive character or is devoid of distinctive character ... It also follows from national case-law that a sign used to designate goods or services may have acquired a reputation on the market for the purposes of the law applicable to an action for passing off, even though it is used by several traders in the course of business’: para. [28].
32. The First Board of Appeal had found in paras. [20] and [21] of its Decision in Case R 513/2008-1 that: ‘The evidence submitted by the opponent indicates that ‘BASMATI’ is not, in fact a trade mark but the generic designation for a type of rice grown in parts of India and Pakistan. The evidence is also clear that this designation is understood as such (and not as a brand name) by consumers in the United Kingdom ... The fact that ‘BASMATI’ (*rectius* basmati rice) is a generic term is confirmed by English dictionaries like *Chambers* and *Oxford*. ... This sort of rice is aromatic (hence the name ‘Basmati’, which means ‘fragrant’ in Hindi / Urdu) and has a long grain.

‘Basmati rice’ is the collective designation of several varieties cultivated in India and Pakistan such as, according to the opponent’s evidence: ranbir basmati, Kernel basmati, Kasturi, Pusa basmati, Haryana Basmati, Basmati 198, etc.’

33. The General Court did not say that these findings of fact were incorrect. It adopted the position that they were not sufficient, from the perspective of a claim for ‘*extended*’ protection in passing off, to negate the acquisition of a sufficient proprietorial interest in the sign BASMATI for the purposes of the opponent’s objection under Article 8(4). On further consideration of the facts and evidence, the Fourth Board of Appeal subsequently rejected the opposition in its Decision in Case R 1086/2012-4 on the basis that BASMATI was and remained an entirely descriptive designation for a variety of rice which did not, in fact, serve to identify an economic activity engaged in by its proprietor as required by established case law: Case C-96/09P Bud EU:C:2011:189 at para. [149]; Joined Cases T-318/06 to T-321/06 General Optica at para. [37].
34. That Decision of the Fourth Board of Appeal was annulled by the General Court in Case T-136/14 on the basis that the Board had introduced and applied ‘a condition which is not provided for by Article 8(4)’: para [28]. The General Court did not say that any of the Board’s findings of fact were incorrect. It annulled the contested decision upon the basis that although ‘It is indeed true ... that, under Article 8(4) ... the sign at issue must be used as a distinctive element in that it must serve to identify an economic activity engaged in by its proprietor’ (para. [27]) ‘... that cannot mean that the function of the use of a sign, under Article 8(4) ... should be exclusively that of identifying the commercial origin of the goods or services at issue’ (para. [28]).

‘The sign at issue, in the light of its nature, may thus be classified as a distinctive element if it serves to identify the goods or services of one undertaking in relation to those of another undertaking, but also, inter alia, if it serves to identify certain goods or services in relation to other similar goods or services. ... It must also be borne in mind that the extended form of passing-off, which is recognised by the United Kingdom courts, enables a number of traders to have rights over a sign which has acquired a reputation on the market’ (para. [29]).

35. In para. [30] of its Judgment, the General Court positively relied on the descriptiveness of the designation BASMATI: ‘... certain signs, although they are used by a number of traders, may be distinctive elements if they make it possible to identify the economic activity engaged in by their proprietors. It must, moreover, be pointed out, in that regard, that the Board of Appeal stated, citing the *Oxford English Dictionary*, that basmati rice was ‘a superior variety of Indian rice, characteristically light and fragrant when cooked’.
36. So there you have it. It seems that objectors are able to claim proprietorship acquired through use of origin neutral signs that are entirely descriptive of the properties or characteristics of particular types of goods or services for the purpose of asserting relative rights in such signs against EU trade marks under Articles 8(4) and 53(1)(c) EUTMR. Can that be right? Discuss.

May 2016