



Neutral Citation Number: [2023] EWHC 2038 (Ch)

Case No: IL-2021-BHM-000001

IN THE HIGH COURT OF JUSTICE
BIRMINGHAM BUSINESS AND PROPERTY COURT
INTELLECTUAL PROPERTY LIST (ChD)
SHORTER TRIALS SCHEME

Birmingham Civil Justice Centre
Bull Street,
Birmingham

Date: 04/08/2023

Before:

HIS HONOUR JUDGE TINDAL
(Sitting as a Judge of the High Court)

Between:

E-ACCOUNTING SOLUTIONS LIMITED
T/AS ADVANCETRACK

Claimant

- and -

GLOBAL INFOSYS LIMITED
T/AS GI OUTSOURCING

Defendant

Mr Nick Zweck (instructed by **Brindley Twist, Tafft and James LLP**) for the **Claimant**
Mr Michael Smith (instructed by **Richard Slade and Company**) for the **Defendant**

Hearing dates: 4th and 5th July 2023

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.

HIS HONOUR JUDGE TINDAL

HHJ TINDAL:

Introduction

The Dispute

1. This case principally concerns alleged trade mark infringement through Google ‘keywords’ and internet advertising. It involves the deliberate use of a sign resembling the trade mark of a competitor as a ‘keyword’; then the allegedly inadvertent use of that sign in the internet adverts themselves; and how these two ‘uses’ are analysed slightly differently in trade mark law. Since this largely derives from EU Law, I will also consider the impact of Brexit on ‘infringement’, especially as the Retained EU Law (Revocation and Reform) Act 2023 is now on the statute books. This is an important issue which may affect many small businesses considering using Google internet advertising.
2. The Claimant, E-Accounting Solutions Ltd, was founded by its Managing Director, Mr Vipul Sheth. The Claimant trades as ‘Advance Track’ and in October 2010 registered a trade mark for it in various classes, such as ‘Class 35 ‘Accountancy Services’, including outsourcing of services from accountants, which is the main model Claimant provides. So does the Defendant, Global Infosys Ltd, trading as ‘GI Outsourcing’, run by its Director, Mr Tariq Husain.
3. In a nutshell, on 23rd March 2021, the Defendant’s marketing consultant ‘JE Consulting’ (‘JEC’), at the behest of Mr Husain, included ‘advancetrack’ as a keyword in the Defendant’s Google AdWords campaign. The phrase ‘Advancetrack’ was then included in the Defendant’s internet adverts accessed by that keyword. The Defendant says this was an error by JEC, which is disputed by the Claimant. In any event, Mr Sheth saw the adverts within days and requested Google to remove them. Following the Claimant’s solicitors’ letter of 13th May 2021, the Defendant stopped the adverts on 24th May 2021. The Defendant’s evidence is that in the short time in which its ‘Advancetrack’ adverts were actually running, it made no sales and contends the Claimant lost nothing. The Claimant maintains financial loss need not be proved on infringement and in any event, loss is a matter for a future quantum trial.
4. On 15th September 2021, the Claimant issued this High Court claim in the Business and Property Court claiming losses of up to £500,000. The Particulars of Claim alleged infringement by the Defendant of the Claimant’s ‘Advance Track’ trade mark between April and May 2021, both in its use as a Google ‘ad word’ and in the text of the adverts; and alleged it caused the Claimant to lose custom. It was alleged that the Defendant had infringed the Claimant’s ‘Advance Track’ trade mark by the use of an identical sign for identical services in breach of s.10(1) Trade Marks Act 1994 (‘TMA’); and/or by use of a confusingly similar sign for identical services in breach of s.10(2) TMA; and/or by use of a sign detrimental to the distinctive character and/or taking unfair advantage of the Claimant’s trade mark with a reputation in the UK in breach of s.10(3) TMA. In the alternative, the Claimant alleged the Defendant had committed the tort of ‘passing off’. It sought an injunction and damages.

5. On 29th November 2021, the Defendant filed a Defence and Counterclaim. In the Defence, it denied any infringement of the Claimant's trade mark, which it pointed out was 'Advance Track' as two words, not the one word 'advancetrack' it had used. It contended this use was neither identical, nor confusingly similar or unfair/detrimental to the Claimant's trade mark. Moreover, the Counterclaim contended that the trade mark was invalid under ss.3 and 47 TMA on the basis that the words 'Advance Track' consisted exclusively of signs or indications which designated the characteristics of the services, namely 'advance tracking' contrary to s.3(1)(a) TMA; and/or which have become customary contrary to s.3(1)(b) TMA; and/or should be partially revoked under s.46 TMA for non-use for over five years in some of its registered categories, namely financial services (class 36), computer services (class 42) and legal services (class 45).
6. There followed a Reply from the Claimant on 13th December 2021 contesting the Defence and denying the Counterclaim (save as to the registration of the trade mark in classes 42 and 45 which it was conceded could be revoked) The Particulars of Claim were then amended on 27th January 2022 ('APOC') pursuant to the order of DJ Talog-Davies on 14th January 2022 and each party also asked the other questions under CPR 18. On 24th June 2022, DJ Singh dismissed the Defendant's Security for Costs application. On 12th July 2022, DJ Phillips granted the Defendant permission to file an Amended Defence, which it did in July 2022 ('ADef') and transferred the case to the Shorter Trials Scheme
7. Consistent with that scheme under CPR PD 57AB, the case was originally allocated to HHJ Worster who on 26th August 2022 set directions for a 2-day trial on liability planned for April-May 2023. By agreement with myself, HHJ Worster re-designated me as the trial judge and I listed disclosure cross-applications before me on 28th April 2023 when I set this trial date on 4th-5th July. I also made more limited disclosure orders than initially requested, as the Defendant expressly conceded it was vicariously liable for the conduct of JEC.
8. Whilst the case probably would have been suitable for trial in the IPEC Multi-Track, no application was made for transfer. Indeed, as I have said, the parties specifically requested the BPC Shorter Trials Scheme. Indeed, I note that p.2.2 CPR P57AB envisages this scheme may be appropriate for infringement proceedings with a trade mark revocation counterclaim, as here. In my view, the case is similar to *Lappett v Rassam* [2023] FSR 3, which Adam Johnson J said could be appropriately tried either in the IPEC or in the BPC Shorter Trials Scheme. However, I am conscious that unlike the IPEC, there is no cap on costs (nor even a budget) in the Shorter Trials Scheme, which is relevant on costs.
9. Of course, I cannot claim to have the huge expertise and experience in intellectual property of HHJ Hacon or one of his IPEC colleagues. However, one of the reasons HHJ Worster transferred the case to me was that I have some background in EU Law, on which trade mark law is based (as I will discuss in a moment). Moreover, I was fortunate enough to have expert Counsel in front of me – Mr Zweck for the Claimant and Mr Smith for the Defendant. At the previous hearing I directed detailed submissions in advance which I was very grateful to receive in good time to feed into my own pre-reading and research. This meant I was able to refer Counsel in advance to a couple of cases myself, particularly on the current state and applicability of EU Law.

The Legal Context

10. ss.1, 2, 3, 9, 10, 11, 14, 46 and 47 TMA state (so far as material to this case):

“1(1) In this Act “trade mark” means any sign which is capable— (a) of being represented in the register in a manner which enables the registrar and other competent authorities and the public to determine the clear and precise subject matter of the protection afforded to the proprietor, and (b) of distinguishing goods or services of one undertaking from those of other undertakings. A trade mark may, in particular, consist of words (including personal names), designs, letters, numerals, colours, sounds or the shape of goods or their packaging...

2(1) A registered trade mark is a property right obtained by the registration of the trade mark under this Act and the proprietor of a registered trade mark has the rights and remedies provided by this Act.

(2) No proceedings lie to prevent or recover damages for the infringement of an unregistered trade mark as such; but nothing in this Act affects the law relating to passing off.

3(1) The following shall not be registered—

(a) signs which do not satisfy the requirements of section 1(1),

(b) trade marks which are devoid of any distinctive character,

(c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of services, or other characteristics of goods or services,

(d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in *bona fide* and established practices of the trade...

9(1) The proprietor of a registered trade mark has exclusive rights in the trade mark which are infringed by use of the trade mark in the United Kingdom without his consent. The acts amounting to infringement, if done without the consent of the proprietor, are specified in subsections (1) to (3) of section 10.

10(1) A person infringes a registered trade mark if he uses in the course of trade a sign which is identical with the trade mark in relation to goods or services which are identical with those for which it is registered.

(2) A person infringes a registered trade mark if he uses in the course of trade a sign where because— (a) the sign is identical with the trade mark and is used in relation to goods or services similar to those for which the trade mark is registered, or

(b) the sign is similar to the trade mark and is used in relation to goods or services identical with or similar to those for which the trade mark is registered, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the trade mark.

(3) A person infringes a registered trade mark if he uses in the course of trade, in relation to goods or services, a sign which is (a) identical with or similar to the trade mark, (b)...where the trade mark has a reputation in the United Kingdom and the use of the sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

(3A) Subsection (3) applies irrespective of whether the goods and services in relation to which the sign is used are identical with, similar to or not similar to those for which the trade mark is registered....

(4) For the purposes of this section a person uses a sign if, in particular he- (a) affixes it to goods or the packaging thereof;

(b) offers or exposes goods for sale, puts them on the market or stocks them for those purposes under the sign, or offers or supplies services under the sign;

(c) imports or exports goods under the sign;

(ca) uses the sign as a trade or company name or part of a trade or company name;

(d) uses the sign on business papers and in advertising; or

(e) uses the sign in comparative advertising in a manner..contrary to the Business Protection from Misleading Marketing Regulations 2008....

11(2) A registered trade mark is not infringed by...(b) the use of signs or indications which are not distinctive or which concern the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of services, or other characteristics of goods or services....provided the use is in accordance with honest practices in industrial or commercial matters.

14(1) An infringement of a registered trade mark is actionable by the proprietor of the trade mark.

(2) In an action for infringement all such relief by way of damages, injunctions, accounts or otherwise is available to him as is available in respect of the infringement of any other property right...

46(1) The registration of a trade mark may be revoked on any of the following grounds—(a) that within the period of five years following the date of completion of the registration procedure it has not been put to genuine use in the United Kingdom, by the proprietor or with his consent, in relation to the goods or services for which it is registered, and there are no proper reasons for non-use...

47(1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolute grounds for refusal of registration). Where the trade mark was registered in breach of subsection (1) (b), (c) or (d) of that section, it shall not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered.”

11. However, the TMA was enacted not just to replace the outdated Trade Marks Act 1938, but also to implement EU Directives, most recently codified in the Trade Marks Recast Directive EU 2015/2436 ('the Recast Directive'). As a result, a number of these provisions of the TMA were amended in January 2019. Until Brexit, there was a view such amendment was redundant, robustly expressed by the IP expert Jacob LJ in *Intel v CPM* [2007] RPC 35 (CA) pa. 13

“The key legislation is the Trade Marks Directive. The UK Act of Parliament implementing it is the 1994 Act. No one suggests the Act has a different meaning from the Directive. Pointlessly it renumbers and to some extent re-words the language. Even more pointlessly, when the ECJ interpreted Art.5(2) in *Davidoff SA v Gofkid Ltd* [2003] F.S.R. 28, the 1994 Act was amended by regulation so as to reflect that interpretation. If every time the ECJ interprets a Directive, which has been implemented in an Act using the words of the Directive, the Act is amended, a host of little and pointless amendments will result, just causing confusion and cost. It should be remembered that such an Act will, without amendment, inevitably be interpreted in accordance with any decision of the ECJ on the Directive leading to the Act....”

That requirement to interpret the TMA consistently with the Directive, so-called ‘Indirect Effect’, is one reflection of the principle of the Supremacy of EU Law incorporated into domestic law by s.2 European Communities Act 1972 (for reasons which I detailed in *Dukes v Breckland* [2023] EWHC 1569 (TCC)).

12. Nevertheless, we are now in different times. The 1972 Act is now legal history. With effect from 31st December 2020, the ‘Implementation Period Completion Day’ for Brexit under the European Union (Withdrawal) Act 2018 (as amended) (‘EUWA’), has meant that whether or not EU-derived domestic legislation is amended now really matters. Such legislation, including the TMA, is ‘retained EU Law’ under s.6(7) EUWA, which draws an important distinction:

- i) For provisions of the TMA *unamended* since 31st December 2020, ss.5(2) and 6(3) EUWA state that:

“5(2)...the principle of the supremacy of EU law continues to apply on or after IP completion day so far as relevant to the interpretation, disapplication or quashing of any enactment or rule of law passed or made before IP completion day.....

6(3) Any question as to the validity, meaning or effect of any retained EU law is to be decided, so far as that law is unmodified on or after IP completion day and so far as they are relevant to it (a) in accordance with any retained case law and any retained general principles of EU law, and (b) having regard (among other things) to the limits, immediately before IP completion day, of EU competences.”

So, for earlier provisions *unamended* since 31st December 2020, EU Supremacy still applies and therefore in my judgment, so does the ‘indirect effect’ of EU Directives. Likewise, so does ‘retained case-law’ prior to that date, both domestic and from the Court of Justice of the EU (‘CJEU’) which still binds the High Court and below (but not the Court of Appeal and Supreme Court: see *Lipton v BA City Flyer* [2021] 1 WLR 2545 (CA)).

- ii) By contrast, any provisions of the TMA *amended* since 31st December 2020 are covered by ss.5(1)-(3) and s.6(6) EUWA:

“5(1) The principle of the supremacy of EU Law does not apply to any enactment or rule of law...made on or after IP Completion Day

5(3) Subsection (1) does not prevent the principle of the supremacy of EU law from applying to a modification made on or after IP Completion Day of any enactment or rule of law passed or made before IP completion day if the application of the principle is consistent with the intention of the modification.

“6(6) Subs [6](3) does not prevent the validity, meaning or effect of any retained EU law that has been modified on or after IP Completion Day from being decided as provided for in that subsection if doing so is consistent with the intention of the modifications.”

Therefore, if provisions of the TMA have been *amended* since 31st December 2020, the extent to which both EU Supremacy (including Indirect Effect) and prior domestic and CJEU case-law remains binding depends on whether that is consistent with the intent of the modification. For example, from that date the Trade Marks (Amendment) (EU Exit) Regulations 2019 amended the TMA to treat EU Trade Marks as falling within the domestic scheme rather than the EU Trade Mark Regulation 2017/1001; and also made some minor amendments to s.3 TMA.

13. Moreover, only a week before the trial, on 30th June 2023, the Retained EU Law (Revocation and Reform) Act 2023 (‘REULA’) gained Royal Assent. That goes further than EUWA in several ways. Firstly, whilst the planned ‘sunset clause’ for *all* ‘retained EU Law’ was abandoned, s.1 REULA will scrap a long list of retained EU Law at the end of this year. Secondly, ss.9-16 REULA provide a range of new statutory powers to amend or revoke retained EU Law (which s.5 re-names ‘assimilated law’) more easily, so the list of abrogated or overhauled provisions may grow exponentially on the ‘EU Law Dashboard’. Thirdly, for remaining ‘assimilated law’, the test in s.6 EUWA for the Court of Appeal and Supreme Court to depart from retained case-law is relaxed. Fourthly, ss.6A-C EUWA will now provide a new ‘reference’ mechanism (which can be instigated by the Government even if not a party) for points to be leapfrogged to higher courts by lower courts which are still so bound. Fifthly, ss.2-4 REULA will fundamentally change the relationship between (now) ‘assimilated law’ and EU Law: s.2 REULA dispenses with rights and powers originally retained by s.4 EUWA; s.4 REULA amends EUWA to remove ‘General Principles of EU Law’ completely from domestic law; and likewise, s.3 REULA amends s.5 EUWA to remove the Supremacy of EU Law in respect of domestic enactments whenever passed. (Indeed, it turns it on its head for direct EU Legislation retained in our law, which must now be read *compatibly with domestic law*). So, come 2024, ‘Indirect Effect’ will be no longer be part of our law. However, as I discussed in *Dukes* at para 42 and return to below, this does not mean EU Law becomes irrelevant. If domestic legislation was enacted to implement a directive, that may be relevant context in its statutory interpretation on orthodox principles: see *Brent LBC v Risk Management Partners* [2011] 2 WLR 166 (SC) para 25, (Although of course that is a very different proposition than EU Indirect Effect).

14. Nevertheless, I agree with Mr Zweck and Mr Smith that they are each entitled to rely on EU Law and authorities decided prior to the end of 2020 and Brexit's implementation then has made no difference to the legal position *in this case*, even though the events were in 2021 and the trial post-dated REULA. That Act is partly in force, but the key provisions I have summarised defer their effect until the end of 2023. Moreover, for the current ss.5-6 EUWA, whilst s.3 TMA was amended on 31st December 2020 (and again since), none of those amendments were material to this case, in particular the Defendant's counter-claim for invalidity under s.3(1) TMA. Moreover, none of the relevant provisions of the TMA I have quoted above have been amended since 31st December 2020 (they were all amended in 2019 – before Brexit took effect, not afterwards). Therefore, I agree the combined effect of ss.5(2) and 6(3) EUWA is that the provisions and retained case-law each Counsel relied on remain the same as pre-Brexit and binding on me. Of course, I could simply have said that it was common ground that this was the position. However, since statutory amendments can now make such a dramatic difference (unlike 15 years ago in *Intel*); and with such seismic changes to EU-derived domestic legislation on the horizon, it is increasingly important that the legal position in each case is pro-actively considered. As Green LJ warned in *Lipton* at paras 53 and 83(i):

“Submissions and argument advanced to us during the appeal proceeded very much as it would have done in 2019, when the UK was a member of the EU, or even in 2020 when the transitional period...was still in force... However, the hearing took place in February 2021 when the transitional period had expired. As at this point in time a new set of legal arrangements are in place which governed the relationship of the UK to EU law. The court cannot therefore assume that the old ways of looking at EU derived law still hold good. We must apply the new approach. There is much that is familiar but there are also significant differences.....

In this case, the task of the court has been relatively straightforward since as of the date of this judgment the new legal regime has been in place for only a few months and nothing of relevance in the case law of the CJEU has changed. As time moves on, and the case law of the CJEU evolves, then the differences between the current state of EU law and that which the court is to take account of might become more accentuated. At that stage the analysis might become more complex.”

Matters are now indeed more complex and in case Counsel and I are wrong in concluding that Brexit has not made a difference to this case, I will also briefly consider infringement of s.10 TMA under domestic statutory interpretation principles as recently restated in *R(PRCBC) v SSHD* [2023] AC 255 (SC) paras 29-31 by Lord Hodge; and indeed *Brent* para 25 by Lord Hope.

15. In August 2022, HHJ Worster's order annexed a list of issues drafted by Counsel ranging over no fewer than 10 issues, which can be summarised:
- i) Whether the Claimant has used the sign ‘Advancetrack’ in the UK in the course of trade.
 - ii) Whether it has goodwill and reputation in that sign in the UK.
 - iii) Whether the trade mark ‘Advance Track’ has a reputation in the UK
 - iv) If so, whether the Defendant infringed that trade mark by the use of:

- a. An identical sign for identical services, contrary to s.10(1) TMA;
 - b. A ‘confusingly similar’ sign for identical services as registered for the trade mark, contrary to s.10(2) TMA; or
 - c. A sign similar to that trade mark which has a reputation, without due cause and detrimental to its distinctive character and/or taking unfair advantage of it, contrary to s.10(3) TMA.
- v) Whether the Defendant passed off its services as those of the Claimant.
- vi) If the Defendant has infringed the Claimant’s trademark or ‘passed off’, whether it did so knowingly or with reasonable grounds to know.
- vii) Whether the Claimant is entitled to the claimed relief.
- viii) Whether the Claimant’s trade mark is invalid as it consists exclusively of signs or indications serving to designate the kind, quality intended purpose or other characteristics of services under s.47 / 3(1)(c) TMA.
- ix) Whether the Claimant’s trade mark is invalid as it consists exclusively of signs or indications which have become customary in the accounting outsourcing trade under s.47 / 3(1)(d) TMA.
- x) Whether the Claimant’s trade mark should be partially revoked in respect of one Class 36 (relating to financial services).

Issues (i)-(iii) and (viii)-(x) overlap and I deal with them before infringement, as Kitchin LJ (as he then was) did in *Maier v ASOS* [2016] Bus LR 1063 (CA). So, after discussion of the evidence and findings of fact, I address: Reputation (issues (i)-(iii)); Revocation and Invalidity (issues (viii)-(x)); Trade Mark Infringement (issue iv); Passing Off (issue v); and last Relief (issues (vi)-(vii)).

The Evidence

16. I have spent a little time at the start of this judgment ensuring that I am on a firm legal footing in the wake of Brexit because this case turns primarily on the law. Indeed, in this two-day trial, one day was spent purely on submissions (on top of extremely helpful and detailed written submissions in advance). By contrast, whilst I had no fewer than nine lever-arch files, the bundle as a whole ran to only just under 900 pages, with much repetition. As is usually the way, only a fraction of those pages were referred to at trial. In fairness, at the hearing before me on 28th April, I only granted in part the cross-applications on disclosure. The Defendant had been seeking extensive disclosure of the Claimant’s financial information, which I restricted to VAT returns from late 2020 to 2022 as sufficient on the issue of damage / impact on trade mark. The Claimant had been seeking further disclosure between the Defendant and JEC, which I ordered in respect of documents referring to ‘Advance Track’ between January and June 2021 (rather than more widely). This yielded several of the most important documents on which Mr Husain was cross-examined in detail. Such contemporary documents ‘internal’ to one party or with their agent (like JEC) when ‘their guard may be down’ are particularly important to the credibility of that party’s witness: *Simetra v Ikon* [2019] 4 WLR 112 (CA) paras 48-49.
17. I am particularly grateful to both Counsel in their approach to the evidence in this case (and to the transcriber for the excellent transcript overnight). The statement of the Claimant’s witness Mr Jain (the General Legal Counsel of QX, an Indian accountancy

outsourcing company whose name was also used by the Defendant as a keyword search and came up in its advert) was uncontested and he did not have to give oral evidence. Therefore, the only live witnesses were Mr Sheth and Mr Husain. The key factual dispute was bitter, but narrow: whether the Defendant deliberately included 'Advancetrack' in its advert itself, as opposed to as a Google keyword, which Mr Husain accepts. As both Counsel in submissions addressed those witness' credibility first in detail, so shall I.

18. Mr Sheth's evidence on this key issue was not reliable. I do not doubt for a moment he was giving me his honest perspective, but most of it generated more heat than light, or was totally irrelevant - or both. This is best reflected in the irrelevant mud-slinging in his statement – even to the extent of digging up some tenuous link between the Defendant's group companies and Ghislaine Maxwell. What on Earth he thought that had to do with this dispute is simply beyond me and I indicated this and other irrelevant mudslinging need not be challenged. Yet Mr Smith did skilfully show that Mr Sheth's assertion in his statement that Google ranked the Defendant as 'rarely shown, low quality score' was based on a document which actually showed a Google Ads campaign with the keyword of 'GI Outsourcing' (the Defendant's trading name) linked to *the Claimant's* website. In other words, as Mr Sheth eventually admitted, he set up a retaliatory 'keyword strike' which he thought better of and did not run. This not only erodes confidence in Mr Sheth's allegation, it also reveals how distorted it is by his anger. In fairness, Mr Sheth was reliable on the wider background (and justifiably proud) of building a successful business over 20 years from his 'big idea' of an outsourcing business for accountancy firms using Indian accountants and the latest technology (which became 'The Cloud'). He captured this novel idea in the phrase 'Advance Track', later registered as his trade mark. It is clear to me that Mr Sheth took the Defendant's use of the Claimant's mark not just as an ineffective and short-lived try-on from a small, envious competitor, as Mr Jain's company QX saw it, but as a personal affront. When Mr Sheth discovered the issue in late April 2021, even as the Claimant's Managing Director during a Pandemic, he dwelled on it for days, investigating and texting the Defendant's marketing consultant Ms Edwards (the titular 'JE' in 'JEC') before realising he was spending too much of his time on it and handing it over to an employee. Having instructed solicitors, he was 'frustrated and angry that legal letters did not stop the adverts appearing'. This presumably explains why a week after his own solicitors' letter, he spent yet more time personally undertaking a rather odd 'mystery shopper' exercise where he messaged the Defendant's sales staff pretending to be a customer confused as to whether they were 'Advance Track', persisting even after the Defendant's employee explained they were GI Outsourcing and if he wanted 'Advance Track', he should go to its website.
19. Indeed, more widely, this illustrates the implausibility of Mr Sheth's allegation that the Defendant used 'Advance Track' and other competitor names not just as keywords to bring up its own advert alongside theirs on a Google search (which Mr Husain admits), but deliberately included them in its actual adverts. I reject that allegation, for reasons which I will expand upon later, including:
 - i) Firstly, the inherent difference in plausibility between what the Defendant admits and what the Claimant alleges. As I shall explain further, 'keywords' are chosen by a company advertising on Google so it will show customers typing those keywords or similar the company's advert hopefully ranked near the top (and hopefully then to its website). Therefore, whether or not it is a

trade mark infringement (which I discuss below), what the Defendant admits doing makes commercial sense. It was using competitors' names (such as 'Advancetrack') as keywords in the hope that accountants searching for those competitors also saw its own 'normal' advert. However, what the Claimant alleges – that the Defendant deliberately adopted an advert which was 'abnormal' in that it included competitor names, but without any sort of 'comparative advertising' (such as 'We're cheaper than 'Advance Track') - does not make any commercial sense. Whilst it might work well for counterfeit T-shirts, it was hardly likely to successfully 'hook' sophisticated customers like accountants, even 'average accountants' (a new character in the law's cast list I will discuss below, along with whether the adverts were 'confusingly similar' in breach of s.10(2) TMA). From Mr Sheth's own evidence, accountancy outsourcing is a relationship built on trust. That is unlikely to be earned by an outsourcer trying to trick accountants searching for 'Advance Track' into clicking onto its own website just by including 'Advancetrack' in its advert itself. At best, it would probably lead to puzzled enquiries whether the Defendant is actually 'Advance Track', of the kind Mr Sheth pretended to make. At worst, it would make the Defendant look incompetent or even dishonest: tarnishing its brand, not profiting from the Claimant's. This supports the plausibility of Mr Husain's evidence the Defendant did not generate a single sale from it.

- ii) Secondly, if there had been a deliberate campaign by the Defendant to include competitors' names in its actual adverts, it is difficult to understand why its sales staff would have advised potential customers that if looking for Advance Track, they should go to its website, as the Defendant's sales adviser Ms Caxton very fairly did when Mr Sheth pretended to be a confused customer, even as she stoutly endeavoured in the face of his apparent confusion to sell the Defendant's services to him.
 - iii) Thirdly, whilst the Claimant relies on the emails the Defendant recently disclosed in response to my order between Mr Husain and colleagues and Ms Edwards in May-June 2021, in my view those emails support Mr Husain's evidence more than Mr Sheth's allegation. As I detail below, they show Mr Husain's colleague Mr Chadha saw an emailed solicitors' letter on 27th May alleging infringement on behalf of QX and replied on 28th May 2021 by suggesting there had been 'an error of communication between our outsourced marketing team and Google', then forwarded that to Ms Edwards noting a similar letter had been received on behalf of the Claimant. It is true that Ms Edwards replied to Mr Chadha saying that it was not fair to blame them for an error of communication, but when Mr Husain emailed Ms Edwards on 28th May and again on 2nd June to say the advert had not been set up correctly and she needed to investigate that internally, she responded that she would do so, not that it had been what Mr Husain himself instructed her to do.
20. Turning to Mr Husain's evidence, those same emails are just the sort of 'contemporaneous internal emails when the guard is down' discussed in *Simetra* as going to the heart of a witness' credibility. It is true they were disclosed relatively late, but that does not suggest an attempt by the Defendant to hide them. After all, Mr Husain was saying the same thing privately to his marketing consultant Ms Edwards in May-June 2021 as he now says in evidence publicly. He told her that her firm had

not set up the advert correctly and that what he had requested was that when a customer searched for Advance Track etc, the Defendant's name would appear in the search results (as he said other businesses had done and she had advised was ok), not that 'Advancetrack' would appear in his firm's advert. In my judgement, those emails support rather than undermine Mr Husain's credibility. That is fortified by the following points:

i) Firstly, Mr Husain's admitted use of 'Advancetrack' as a Google keyword in itself is a potential trade mark infringement, as Mr Zweck submits and I consider below. Yet, Mr Husain did not in his statement or evidence blame JEC for that or try to hide emails revealing it, he admitted he deliberately instructed that should be done in March 2021 and has disclosed emails which are consistent with him reminding Ms Edwards in May-June that he requested that. He has also explained why there are no emails from him instructing it back in March, namely he had a regular Teams meeting with Ms Edwards where it was discussed; and how the competitor names ended up in the advert – a mistake by a junior member of staff JEC in adding them to the advert not just as a keyword, the sort of 'cock up' which often proves more likely than a 'conspiracy'. Moreover, whilst there is no witness evidence from Ms Edwards confirming this, that does not suggest she was instructed to include 'Advancetrack' etc in the adverts, because she did not even say that in private emails at the time. More likely she is simply understandably wary of 'washing dirty laundry in public' or being dragged into litigation.

ii) Secondly, it is important not to misread Mr Husain's cross-examination:

"We never saw the adverts. My interpretation of the Google advert was purely that our name would come at the top of the list. We didn't really actually appreciate it was an advert in any sense of the word. I understood it to be a way to bring your name to the top of the list for certain terms...I think it's semantics maybe here, so if I can maybe clarify what I'm saying. We obviously provided a list of key phrases ...to be used in the pay per click campaign and my understanding is those phrases would come up in the advert. That's what I approved. So, payroll for accountants, outsourcing for accountants and, you know, there's a long list, but those are the things that I understood. I understood that was the advert. Purely a text advert."

There, Mr Husain is not admitting to approving the adverts as they were exhibited to his statement (with 'Advancetrack' in them): he specifically said he did not see the adverts. He said he approved a long list of phrases in the adverts like 'outsourcing for accountants', which do indeed appear as keywords in the original campaign plan and mock advert, to which he added 'Advance Track' etc *as a keyword only but not for in the advert*. This is what I then clarified with Mr Husain at the end of his evidence.

iii) Thirdly, whilst there is an inconsistency between Mr Husain's first and second witness statements on the date he first knew there was a problem, this is not as telling as it first appears. In his first statement, Mr Husain said he was told around the start of May 2021 by Ms Edwards that Mr Sheth had contacted her about the issue (text messages suggest Mr Sheth first contacted her on 26th April). Mr Husain went on to explain that the Claimant's solicitor's letter dated 13th May was sent to the Defendant's legal inbox but not forwarded to Mr Husain himself until 24th May as his colleague thought it may be a scam, but

Mr Husain investigated and immediately required the adverts be stopped. However, in Mr Husain's second statement, he suggested he was unaware of inappropriate use of 'Advance Track' until 28th May, just after the same solicitors had written on behalf of QX on 27th May, prompting the exchange between his colleague Mr Chadha and Ms Edwards I referred to above. I find this is a simple case of Mr Husain muddling himself over two similar letters around the same time. I do not doubt his first statement is correct, not least as Ms Edwards' own email of 3rd June 2021 suggests the competitors' names were added as keywords on 23rd March and removed on 24th May (which is what Mr Husain initially said). This is the same date as Mr Sheth's 'mystery shopper' chat and it is possible that also came to Mr Husain's attention (although not that it had been Mr Sheth).

Of course, this does not mean Mr Husain's account was entirely satisfactory in all respects. For example, he appears to have done nothing much to investigate after Ms Edwards first informed him of the issue around the start of May 2021 until 24th May. This is directly relevant to infringement and I return to it later. Moreover, Mr Husain's evidence about the statistics of how many times the advert was accessed and for how long does not refer to underlying proof (e.g. from Google Analytics) and is rather different from Ms Edwards' assessment at the time, which I shall explain. However, it is simply too much of a stretch to conclude these points (or any of those other criticisms of his evidence individually or cumulatively), prove on the balance of probabilities that Mr Husain deliberately instructed use of 'Advancetrack' in the Defendant's Google adverts themselves (as opposed to their use as keywords). Having resolved that key contested issue first, I turn to findings of fact on the balance of probabilities, which I can now take relatively shortly. They are similar to Mr Smith's proposed findings, save on issues that only really emerged clearly in his submissions. Those were the (pleaded) denial of the Claimant's and 'Advance Track's reputation, which I start with as it is proved as much by Mr Husain's evidence as Mr Sheth's own, (not least as I do not recall him being asked about it).

Findings of Fact

21. Having rejected Mr Sheth's key factual allegation, let me first expand upon his background evidence which I did find reliable, demonstrating his achievement. In short that is how he built up the Claimant's business over 20 years from his initial 'big idea' when an accountant himself (certainly not 'average') to a multi-national Group whose annual turnover in the last financial year was £3.5m. That reputation was recognised by Mr Husain in his choice of 'advance track' as a keyword. After all, 'imitation is the sincerest form of flattery'.
22. Mr Sheth qualified as an accountant in 1994 at a firm in Worcester. He moved to Ernst & Young in 1996 and qualified as a Chartered Accountant in 1997, then joining KPMG where he stayed until 2002. He then took a career break and travelled to India several times, having conceived his 'big idea' of offering an outsourcing service for British accountancy firms and companies to subcontract routine work like compliance and straightforward tax returns to accountants in India. However, this 'globalisation' idea obviously depended on technology to make it work. So, Mr Sheth set up an office for the accountancy staff in India. In June 2003, twenty years ago, Mr Sheth incorporated the Claimant with himself and his sister as shareholders. However, there

were several false starts and it was not until 2005/06 that the technology could support the vision.

23. Mr Sheth explained how the Claimant company created branding and marketing with the 'Advance Track' reference from 2005/06. Some recent versions are annexed to the Particulars of Claim. These illustrate the two main business models the Claimant now offers accountant clients. Each are designed to save accountant clients' time and concerns over staff workloads by using project software to contract out more basic work like compliance and simple tax returns etc to the accountants in India of the Claimant's associated company. The first model (and Mr Sheth explained the original one) is 'outsourcing', which involves the contracting out of specific tasks as part of a standardised process with set deadlines where work can be done by any of the team. The newer second model is 'offshoring', which involves buying the time of specific members of the team in India and sending them a variety of tasks, including now even auditing. They have a range of clients, including international companies.
24. However, Mr Sheth and his sister felt the company name 'E-Accounting' was not very distinctive. They purchased several domain names but discovered other businesses already had trade marks with those names. Mr Sheth's sister suggested that as the software had 'tracking' in it and what they were doing was advanced, they could try 'Advance Track'. Mr Sheth agreed this was more like a marketing phrase than something specific to accountancy or outsourcing. Therefore, the Claimant traded as 'Advance Track' for a while explicitly and I note its recent promotional material is still in the name of 'AdvanceTrack' (expressed as one word like that or in all lower case; or two words).
25. Mr Sheth and his sister had checked the trade mark register and the only similar mark was 'Advance Trac' by Ford, the car manufacturer, for a completely different product. So, in 2008, they applied to register 'ADVANCE TRACK' as a UK trade mark. This was opposed by an Australian firm, but registered on 1st October 2010 under five classes: Class 9: computer software for accountancy and financial services; Class 35: accountancy services or outsourcing by accountants; Class 36: financial services (see below); Class 42: architectural services; and Class 45: legal services. The Claimant never uses Classes 42 and 45 and it is agreed it uses Classes 9 and 35. The only dispute here is whether the Claimant has genuinely used Class 36: 'Financial Services; outsourcing [of them] by financial services professionals, financial services provided on-line'. I find both the 'outsourcing' and 'offshoring' models are 'financial services (albeit only to accountants) provided on-line'. They each straddle 'accountancy outsourcing' and 'financial services' (as does uncontested Class 9).
26. Whilst it took a while for the Claimant to turn losses into profits, it muscled into outsourcing which was dominated in 2005/06 by a company called 'Datamatics' but also included QX, whereas now the UK market includes those firms and several others, including the Defendant. The Claimant's profits are now strong and the Group turnover for the last financial year was £3.5m. I do not recall Mr Sheth being challenged in cross-examination on his statement that "The company now enjoys a strong reputation and has built a very strong team of staff in India which now total over 300." That is not a statement that the company has a reputation in India but in Britain, because it is a British company operating here with British accountant clients, albeit using accountants in India.

27. Perhaps I am labouring over this sentence because in closing submissions Mr Smith suggested the Claimant had not discharged its burden of proving issues (i), (ii), (iii) and (x) on the facts which I do not recall him cross-examining about. I will return to the law on those issues, but the evidence on them is there. I do not criticise Mr Smith's calculated forensic decision not to explore those topics, especially as Mr Sheth's statements were more concerned with mud-slinging than focussing on the real issues. However, it creates an unsatisfactory situation where evidence is neither challenged nor explored but then resort is had to the burden of proof. It is true that in evidence Mr Sheth swore to the truth of his four witness statements but did not formally adopt the contents of the Particulars of Claim (for which he signed a statement of truth). However, given his statement expressly referred to the Claimant's 'reputation', I consider I can take into account the contents of the Particulars as to what he meant. In those Particulars, Mr Sheth had sworn the truth of a steadily-increasing stream of work in the UK and regular promotion at trade fairs from 2015 to 2017 and contended the Claimant and 'Advance Track' (which as I have said, is how the Claimant brands itself on promotional material) has a global and UK reputation.
28. In any event, even if I disregard the Particulars, in my own view, Mr Husain's own oral evidence proves the reputation of the Claimant and its mark:
- “Mr Zweck: When you selected the handful of companies that you were going to use keywords for their trade names, was that selection done on the basis they were the main players in the market ?
- Mr Husain: I think they were just names that I was familiar with. So they were names of firms that I'd bumped into. As you know, we're part of a wider group. We have our own chartered accountancy practice in the UK, two firms in fact and we get approached all the time by other outsourcers, so these names pop up in my inbox all the time. So it just means they're familiar to me. Whether they are good or not good, you know, I can't really hazard a guess.
- Mr Zweck: They're just the names that were known to you in the market?
- Mr Husain: Exactly.”
- In my view, Mr Husain there effectively admitted the Claimant's reputation in the market, expressed not as its formal name 'E-Accounting', but as 'Advance Track', which in fact was its trade mark. Indeed, Mr Husain specifically chose 'Advancetrack' as a keyword, so the submission now that this trade mark or the Claimant had no reputation rings very hollow. He tried to *use* its reputation.
29. The Defendant, Global Infosys Ltd, trade as 'GI Outsourcing' and is actually a slightly older company than the Claimant, incorporated in 1999 and part of a larger group called Macalvins. Mr Husain is its co-director and a Chartered Accountant himself. The Defendant offers similar accountancy outsourcing services to the Claimant, but primarily to small and medium accountancy firms. Mr Husain suggested the Defendant generally prefers word of mouth and contacts at exhibitions (including one in 2022 after this litigation had started where the Defendant seems to have rather gatecrashed the Claimant's efforts). But the Defendant only has a small advertising budget – in Spring 2021 only £400 pcm on Google Ad-Words campaigns; having in 2020 contracted out all marketing to JEC with whom Mr Husain had weekly meetings by Teams.

30. It was at one of these Teams meetings between Mr Husain and Ms Edwards in September 2020 – the height of the Pandemic – that they decided to run a Google Ad Words campaign. How ‘Ad Words’ works has been discussed in various cases, including *Interflora v Marks & Spencer (No.5)* [2015] Bus LR 492 (CA) in 2014, where Kitchin LJ (as he then was) summarised it at paras 14-20:

“A user of the Google search engine who has carried out a search is presented with a search engine results page or SERP which usually contains three elements. The first is the search box which contains the search term, a word or phrase typed in by the user. The second contains links to websites which appear to the Google search engine to correspond to the search term. These are known as the ‘natural’ or ‘organic’ results of the search and are usually displayed in order of relevance. The third comprises links, referred to as ‘sponsored links’, to websites which are displayed because the operators of those websites have paid for them to appear. They are, in effect, advertisements and are usually displayed in one or more parts of the SERP, namely in a shaded box in the upper part of the page (above the natural search results), in a panel on the right-hand side of the page (to the right of the natural search results), or in a panel at the bottom of the page (under the natural search results). Over the years the labelling of these sponsored links has varied, but they have generally been headed with the words ‘Sponsored links’ or ‘Ads’ or variations of them. A sponsored link appears when a user enters one or more particular words into the search engine through the search box. These words, known as ‘keywords’, are secured by the advertiser in return for a fee. This is called ‘purchasing’ or ‘bidding on’ the keyword. The sponsored link contains three elements. The first is an underlined heading which functions as a hyper-link to the advertiser’s website. This may or may not contain the keyword. The second is a short commercial message or advertisement which, once again, may or may not contain the keyword. The third is the uniform resource locator or URL of the advertiser’s website. The fee paid by the advertiser is calculated on the basis of the number of times users click on the hyper-link to the advertiser’s website (a process known as ‘click through’) subject to a maximum daily limit which the advertiser has specified. A number of different advertisers may bid for the same keywords, and, if they do, the order in which their adverts are displayed will depend on various factors including the maximum daily sum, often referred to as the ‘maximum price per click’, that each is prepared to pay...

...The search term entered by a user of the Google search engine and the keyword selected by the advertiser do not have to be identical for the sponsored link to appear on the SERP....[A]dvertisers have the ability to choose different match types in relation to each keyword, and these match types govern the circumstances in which the sponsored links associated with those keywords will appear. For example, ‘exact match’ requires the search term to be identical to the keyword; ‘phrase match’ requires the search term to contain the same words as the keyword in the same order, but it may include additional words before or after the keyword; and ‘broad match’ simply requires the search term to correspond to variations of the keyword, such as plurals. By 2008 Google had also introduced a development of broad matching known as ‘advanced broad matching’ which causes the sponsored link to appear if the Google search engine deems the keyword relevant to the search term. So, by way of illustration, a search for the term ‘flowers’ might be deemed to match the keyword ‘florists’. There is another feature...introduced by Google to allow advertisers to limit the appearance of their adverts in response to search terms which were merely related to their

keywords. This feature, called ‘negative matching’, allows advertisers to specify search terms in response to which their advertisements will not appear. Until May 2008 Google operated a policy in relation to AdWords whereby a trade mark owner could notify Google that it had registered a particular word as a trade mark. Once notified, Google would not allow that word to be purchased by another trader as a keyword. However....Google changed its policy for the United Kingdom and from that time permitted other traders to purchase words registered as trade marks as keywords, including for use in relation to goods or services for which those trade marks were registered. This means that rival traders can use keywords such as ‘interflora’ [so] when a user enters the word ‘interflora’ into the search engine, the advertisements displayed on the SERP include the advertisements of those rivals for goods and services covered by that trade mark. Two further points should, however, be noted. First, Google does allow trade mark owners to block the use of trade marks in advertisements appearing on the SERP. Second, prior to 2008 it was perfectly permissible for rival traders such as M & S to purchase a generic term such as ‘flowers’...[so the search] ‘interflora flowers’ would see on the SERP not just natural search results for Interflora but also advertisements for the goods and services of those rival traders.”

However, I am conscious that *Interflora* was decided in 2014 - seven years before the events in this case - and the technology develops rapidly, just as Google changed in 2008. Nevertheless, this detailed description tailored to this sort of case appears to be broadly consistent with the very helpful but simpler ‘beginners guide’ for businesses generally prepared by the Marketing Professional Charlotte Davies in February 2021 which the parties provided and agreed. Nevertheless, there are particular aspects of Ms Davies’ description which are particularly relevant to this case. I would particularly differentiate between ‘keywords’ which are inputted by users but do not necessarily appear in Google Ads themselves; and what she called ‘text’ - and which to be even clearer I will call ‘Ad Text’ - which is the text of the advert an advertiser sets up on Google (as opposed to a ‘Dynamic Ad’ which Google constructs). Indeed, there can be multiple adverts in each ‘Ad Group’ as part of a wider ‘campaign’.

31. From the emails in Autumn 2020 between Mr Husain and his colleagues at the Defendant and Ms Edwards and her colleague at JEC, it appears that by late September, Ms Edwards’ colleague had put together a proposal for a Google Ads campaign called ‘Outsourced Compliance Services’ with the landing page (i.e. the URL) of the Defendant’s website *www.giinfosys.com*. The daily spend (as explained in *Interflora*) was £9.86 or £300 a month. This modest figure is relevant when one considers the evidence of successful ‘clicks’ later and indeed the issue of profit generated by the campaign which ran for just over a month. The ‘keywords’ at this stage were phrases in quotation marks (which from the description in Ms Davies’s article suggests ‘Phrase Match’ as described above) which means it would appear for search terms which were either exactly the same or similar with other words either side. They were phrases such as ‘compliance outsourcing companies’, ‘outsourced accounting solutions’ and ‘outsourcing for accountants’. These were the phrases Mr Husain was referring to in the passage of cross-examination referred to above as ‘key phrases’:

“We obviously provided a list of key phrases ...to be used in the pay per click campaign and my understanding is those phrases would come up in the advert. That’s what I approved. So payroll for accountants, outsourcing for accountants

and, you know, there's a long list, but those are the things that I understood. I understood that was the advert. Purely a text advert.”

Indeed, JEC's campaign proposal did include a draft advert which stated:

“Outsourcing for Accountants / Outsourcing Services

Ad www.ginfosys.com/outsourcing/accountants

Outsource your compliance work to us, focus on more profitable work and reduce costs. Specialists in outsourcing for accountancy firms, contact our experts today.”

It is notable the ‘advertising message’ was similar to that of ‘Advance Track’, but there was no reference to the phrase (as one word or two) in the Ad Text.

32. Over the following days and weeks, there were email exchanges between Mr Husain, his colleague Mr Patel and JEC in relation to the ‘keywords’ and specifically whether they could be more targeted. In November 2020, Mr Husain was proposing long phrases like ‘how to grow your accountancy practice’ and ‘how accountants spend more time with their family’. However, Ms Edwards suggested these were too long and too generic and would use up the budget quickly with irrelevant searches, although Mr Husain clearly was testing results by searching on Google using his phrases and noting relatively few ads.
33. There matters rested until the Defendant's campaign was actually launched in March. Mr Sheth explained this was the busiest time in their field. Accountants themselves are tied down with tax returns until the end of January, then often on holiday in February (with families at half-term) and would return in March (close to the end of the financial year but before businesses started requiring tax returns for it). This period in March to May was busy for the Claimant and Defendant as their accountant clients had breathing space to look at their businesses more strategically and look at developments like outsourcing etc. Indeed, it was the fact the Defendant's adverts – which by then included ‘Advancetrack’ in their text - ran *then* which particularly angered Mr Sheth.
34. To understand how that happened, it is crucial to keep in mind the difference already discussed between ‘Keywords’ - which the user inputs but do not necessarily appear in the advert which Google ranks; and ‘Ad Text’ - the text the advertiser specifically chooses to include in its advert the user may then see on the search. In short, the Defendant admits choosing ‘Advancetrack’ as a ‘keyword’ so that its advert might be shown when a user searched for ‘advancetrack’ – looking for the Claimant's website. However, the Defendant contends (and as I have explained, I accept) that Mr Husain did not approve the use of ‘Advancetrack’ in the Defendant's Ad Text. I find on the balance of probabilities that for the reasons I have given and will elaborate this was an error by JEC or communication breakdown between it and Mr Husain, who in that quote above from his evidence did not distinguish clearly between the two.
35. Mr Husain clearly did intend and indeed instructed on 23rd March 2021 that ‘advancetrack’ should be a ‘keyword’ in the Defendant's campaign. As he said:

“The idea came about because, you know, as you've probably experienced yourself, you Google ‘Mercedes’ and BMW might come up. If you Google ‘BMW’, Mercedes might come up. That was where, if you like, the idea was born

and that was what was checked with Jo Edwards, and so we really didn't understand there to be any issue whatsoever with this.”

As I shall explain, this is similar to Marks & Spencer choosing ‘Interflora’ as a ‘keyword’ in *Interflora* itself and the practice in other cases, well before 2021. However, as I shall also explain, in fact there is rather an ‘issue with this’. Given Mr Husain had not been entirely happy with the ‘keywords’ JEC had come up with in September 2020; and they had criticised the ones he had come up with, I find on the balance of probabilities that once Mr Husain realised there was a practice of including competitor’s names as a ‘keyword’ search, he approved the use of ‘Advancetrack’, ‘QX’ and various others, precisely because their established reputation would capture exactly the services and ‘target market’.

36. However, as I have said, this does not mean Mr Husain intended or approved that ‘Advancetrack’ would appear in the Defendant’s actual ‘Ad Text’ *itself*. Developing his analogy, in the absence of ‘comparative advertising’ such as (but a touch more sophisticated than): ‘BMW is better than Mercedes’, you would not expect to see the word ‘Mercedes’ in a BMW advert. As he said in evidence in response to my questions, they ‘would not have done it’ as it would be:

“...potentially damaging our reputation because obviously we appear to be something that we’re not, and like I said, none of this was intended.”

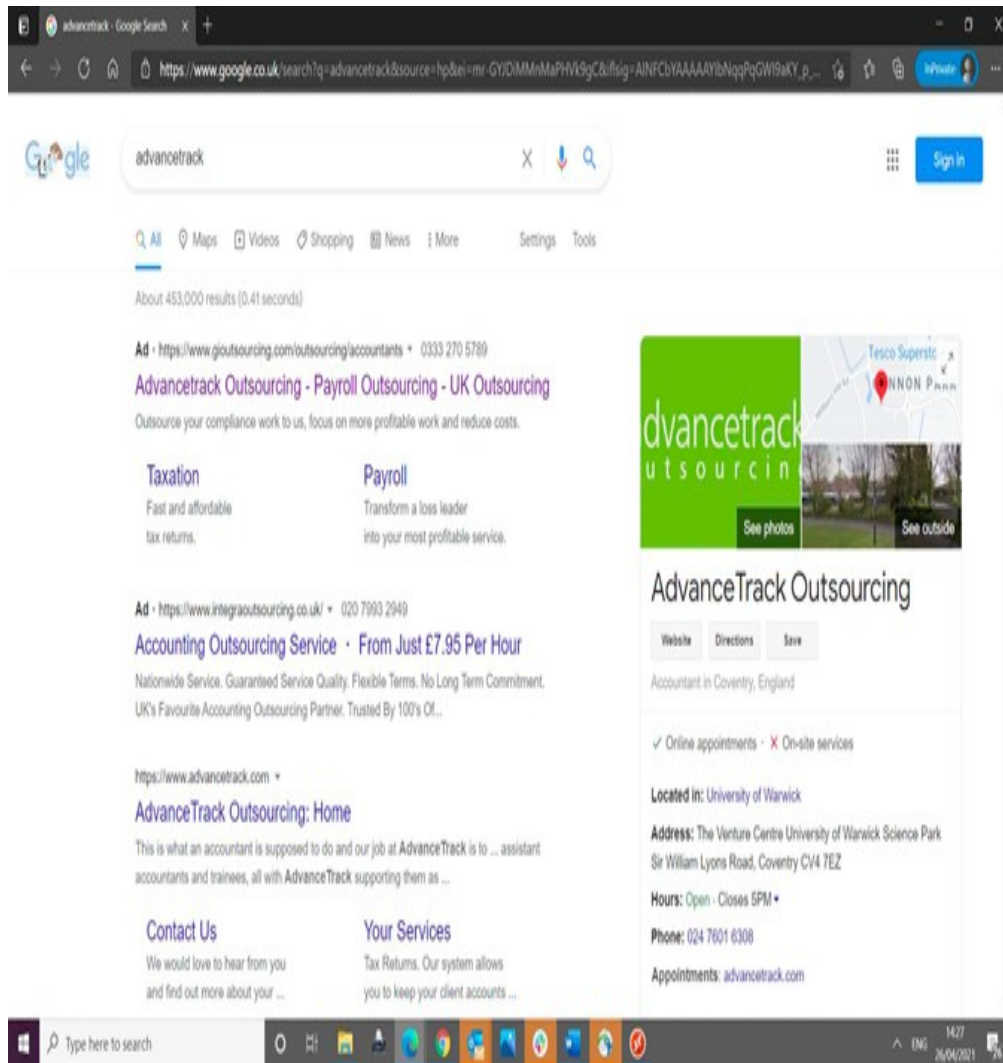
In any event, even if that answer were self-serving and in response to my own invitation as Mr Zweck suggested, it is also consistent with Mr Husain’s email to Ms Edwards on 28th May to which I have already referred and will now quote:

“The problem here seems to be the ad was not set up correctly. What was requested is that when searching for [QX], advancetrack etc, our firm should appear in the search results. However, what is happening is that the ad is showing the names of our competitor firms with our web address. Clearly the ad has been set up incorrectly as other businesses do this, as demonstrated, and do not show the competitor’s name in the ad...”

As I said, this private email is effectively the same as Mr Husain’s evidence.

37. So what did happen ? Mr Husain said in his evidence that he had been told several times since by Ms Edwards that one of her junior employees who was working at home without supervision on 22nd April 2021 during the Pandemic accidentally took ‘advancetrack’ from the Defendant campaign’s ‘keyword’ list and added it to its ‘Ad Text’ list. As I have already said, there is no evidence from Ms Edwards, nor any contemporary emails or other documents to support this. The explanation has been filtered through various people – from the individual (whom I have not heard from) to Ms Edwards (whom I have not heard from) to Mr Husain (who is hardly independent). In those circumstances, it may be preferable simply to describe a situation where there was a misunderstanding within JEC which resulted in ‘advancetrack’ being added to the ‘Ad Text’ not just as a ‘keyword’. A misunderstanding which may possibly have been unwittingly fuelled in part by Mr Husain who in his evidence did not always make a clear distinction between the two concepts and who may not have at the time. However it precisely happened, this sort of mistake or misunderstanding is much more inherently plausible than Mr Sheth’s allegation of a deliberate decision by Mr Husain to add it to the ‘Ad Text’, for the reasons I have said.

38. The consequence of this error in adding ‘advancetrack’ to the Defendant’s ‘Ad Text’ can be seen in the following image from the time of a search result:



39. As can be seen there, a search for ‘advancetrack’ did indeed generate the Claimant’s website, but not as a Google ‘advert’ at the top of the search page. Instead, it was the first ‘natural search result’ with the headline ‘AdvanceTrack Outsourcing: Home’ – and indeed a name, address and even a map of the Claimant’s office address prominently to the right-hand side of the search page. However, the Claimant did not appear in the two ‘Google Ads’ prioritised at the top of the search page. The second was headed ‘Accounting Outsourcing Service’ and showed a website for Integra, one of the Claimant’s competitors, without reference to ‘advancetrack’, although suggesting they too had used it as a keyword. However, the top advert started ‘Advancetrack Outsourcing’ was the Defendant’s Google Ad with its URL for its website. Its Ad Text stated:

“Advancetrack Outsourcing – Payroll Outsourcing – UK Outsourcing_Outsource your compliance work to us, focus on more profitable work and reduce costs.” (I note the second line was the same as the September draft)

There are many similar examples on the bundle with variations on the theme in the first line, but always including ‘Advancetrack’. Indeed, there are examples of the

Defendant's Ad Text including other competitor names like QX, Affinity and Integra or even combinations of them. Perhaps the most ecumenical was: 'Advancetrack – QX Outsourcing – Gioutsourcing'. Another Mr Sheth himself saw was in fact for the Defendant but its headline stated: 'Integra Outsourcing. Payroll Services. Advancetrack', which caused some confusion between him and Ms Edwards about whose website it actually was. In my judgment, these ever more ridiculous examples are perhaps the best evidence this was not deliberate. They would not so much be confused for the Claimant's website as just confusing. As Mr Husain said, it potentially would damage the Defendant's own reputation. That said, there are examples of the Defendant's Ad Text where the Ad Text states 'Advancetrack Outsourcing' (the Defendant's Ad) and immediately below it is a 'natural search result' for the Claimant 'AdvanceTrack Outsourcing: Home'. I return to those adverts below.

40. Therefore, I find on the balance of probabilities that due to a mistake or misunderstanding within JEC and/or between them and Mr Husain, from about 22nd April 2021 onwards, a Google search for 'advancetrack' regularly displayed the Defendant's advert at or near the top, often starting with the word 'Advancetrack' itself in the headline. Moreover, I also accept Mr Husain was unaware of this. But this was because he did not search and check how the Defendant's adverts looked – indeed he admits that he did not see the adverts. So far as he was concerned, he handed over responsibility to JEC and did not check what they had done. As a result, Mr Husain did not spot the serious error.
41. This date of late April 2021 also accords with Mr Sheth's evidence about when he discovered the problem. He found out because a customer told him he had difficulty in finding their website. When Mr Sheth checked, the Claimant's website was functioning normally, but he then searched on Google, discovering the Defendant's adverts with the Ad Text starting with 'Advancetrack'. As I have said, he spent the next few days investigating it personally - almost obsessed with it. He did multiple searches and reported it to Google 59 times in the space of a few days (although he would not have needed to click on the link that often), before realising it would be better to hand over to a junior employee.
42. Accountancy outsourcing is a relatively small industry and I find that in those few days, Mr Sheth quickly discovered that the Defendant's marketing was done by JEC and he texted Ms Edwards on 26th April. He sent her screenshots where one can just about see these adverts and they had a discussion whether it was simply the Defendant responsible as Mr Sheth thought, or Integra as well as Ms Edwards thought. Ms Edwards in fact suggested that Google may have been responsible, not the companies themselves. If that was her belief, it would explain her irritation later when the Defendant responded to QX's lawyers by suggesting there was an error in communication between JEC and Google and why she did not blame Mr Husain. I note that Mr Sheth also informed QX.
43. Mr Husain recalls that Ms Edwards told him around the start of May that typing in 'advancetrack' would bring up the Defendant's advert. However, he suggests that Ms Edwards did not tell him that 'Advancetrack' actually appeared in the 'Ad Text'. I accept she may have been a little vague as she realised herself there may have been an error within her team and it would have been easier simply to say Mr Sheth was over-reacting (which to an extent, he was, as I have said). However, the real point is that

Mr Husain seems to have done absolutely nothing about it. He did not check himself, which would have taken him a few seconds on his mobile. He seems to have just accepted Ms Edwards' take on it and left it entirely in her hands. As a result, the problem was not promptly addressed.

44. However, Mr Sheth acted promptly and instructed Sergeants LLP – the same trade mark attorneys who had handled the trade mark application in 2010. They emailed a letter to the Defendant's legal inbox on 13th May 2021 alleging trade mark infringement and demanding the Defendant cease and desist, agree no repetition and to pay costs and £100,000 which would be donated to charity. Serjeants also acted for QX and sent a similar letter on 26th May by email. As I have already discussed, there is some confusion in Mr Husain's statement on this point. However, I find that the delay in processing the first letter seems to have been down to a junior employee in India monitoring the inbox treating it as spam until it was finally forwarded on to Mr Husain on 24th May.
45. That was the same day as Mr Sheth, seething that the Defendant had not responded to Serjeant's letter, undertook his 'mystery shopper' exercise with the Defendant pretending to be a confused customer looking for Advance Track (and as I have said, was advised to look for it again if that is what he wanted, albeit the Defendant's services were offered). It is also the same day as Ms Edwards' email to Mr Husain of 3rd June suggests the offending adverts were taken down. However, the second letter then came in on behalf of QX on 27th May and was seen by Mr Chadha. There is no evidence, even from Mr Sheth, that the adverts continued into June. Indeed, Mr Jain for QX accepts they were taken down, that 'there was no further damage' and QX took no further action.
46. This second letter then prompted the flurry of internal emails in May-June 2021 I discussed above between Mr Chadha, Mr Husain and Ms Edwards. In summary, Mr Chadha responded to Serjeants in the early hours of 28th May that it was an error of communication between JEC and Google and the ads had all been removed. When Mr Chadha forwarded this email on to Mr Husain and Ms Edwards, she confirmed all the ads had been removed but objected to being blamed for an error of communication. However, Mr Husain responded:

“The problem here seems to be the ad was not set up correctly. What was requested is that when searching for [QX], advancetrack etc, our firm should appear in the search results. However, what is happening is that the ad is showing the names of our competitor firms with our web address. Clearly the ad has been set up incorrectly as other businesses do this, as demonstrated, and do not show the competitor's name in the ad....”

Similarly, on 2nd June, Mr Husain again emailed Ms Edwards, saying that:

“We need to get to the bottom of how the companies' trademarks and names were used in these Google Adword campaigns. This is not what was instructed i.e. competitors' names were to be used as key words in campaigns not within adverts. Can you please investigate internally and with Google.”

As I have said, Ms Edwards did not respond that Mr Husain had instructed it and indeed said that she would investigate it, as well as pointing out that the search term

was one word ‘advance track’, whilst the Claimant’s trade mark was ‘two words’ and suggested they get a lawyer. Litigation followed in September.

47. As I have said, there is some inconsistency as to what the actual result was of the Defendant’s ill-fated Google Ads campaign. At the time, on 3rd June 2021, Ms Edwards confirmed the competitor names were added to the list of ‘keywords’ on 23rd March. (She does not say added to the advert itself - i.e. the ‘Ad Text’ – and I accept that was later – on or around 22nd April 2021, otherwise Mr Sheth would have found out earlier than he did). Ms Edwards also said all the names were removed (as I have found) on 24th May. She added that during that period, the keyword ‘advancetrack’ generated 859 ‘impressions’ (i.e. it appeared in searches that many times) and resulted in 201 clicks to the Defendant’s website. In his evidence, Mr Hussain gives a different figure – between 22nd April (when ‘Advancetrack’ and the other competitor names were accidentally (as I have found) added to the ‘Ad Text’) and 24th May – which explains why there were only 304 ‘impressions’ (although he does not use that word) and 111 clicks to the site. Whilst there is no underlying evidence of Google Analytics demonstrating either of these sets of statistics, as I have said, the periods are different so the numbers not inconsistent. Moreover, since the ‘Ad Text’ was confusing, this would perhaps explain why only a quarter of those searching clicked on the Defendant’s link, although that is a substantial number. However, Mr Husain’s evidence is that 75% left after only looking at one page. Again, this suggests almost all clicked on the link looking for ‘Advance Track’ but quickly discovered this was not the Claimant’s website and soon left. That accords with accountants being reasonably sophisticated consumers. Nevertheless, 25% (so roughly 20-30 searches) did visit more than one page. Therefore, I find it was only this small group who stayed and browsed what the Defendant offered once they realised they were not on the ‘AdvanceTrack’ site.
48. Mr Husain’s evidence is that the Defendant did not generate a single sale, even in this busiest time of the year. I accept that on balance of probabilities because:
- i) Firstly, I have broadly accepted Mr Husain’s evidence as reliable. As he said, the ads were potentially damaging to their reputation because ‘they were appearing to be something they were not’. Given the sophistication of the customers and need for trust, this is consistent with a lack of sales.
 - ii) Secondly, this backfiring of the Defendant’s Ad campaign at the busiest time of their year may also in part explain why, even as the economy emerged out of the Pandemic in 2021-22, the Defendant slipped from profit of £93,970 in 2020-21 year-end into loss of £74,267 in 2021-22. As Mr Sheth says, the Spring is the busiest time for sales in their industry and such catastrophic decline would be just what one might expect from such an ill-fated campaign for the Defendant at that crucial time of year.
 - iii) Thirdly, there is little evidence that the Claimant’s customers were diverted to the Defendant. On Mr Sheth’s own calculation of the 2020-1 revenues of over £1 million, only c.£16,000 were lost in 2021-2, less than the years either side. Moreover, from the Claimant’s VAT returns, sales actually *rose* in April to June compared to January to March and rose again in July to September (which is relevant as there would be some time lag between enquiries in the busiest spring season and actual sales). This same pattern is repeated in 2022

as the Claimants' sales have gone from strength to strength – nearly £1m in the last quarter of 2022.

49. However, whilst I am prepared to find on the balance of probabilities that the Defendant gained nothing from its disastrous Google Ad Words campaign, (indeed probably lost a good deal of trade), that does not mean the Claimant lost nothing. I infer on the balance of probabilities the Defendant's conduct had a limited impact on the Claimant's sales, but it may be very difficult to quantify. As discussed in argument, it is not a 'Zero Sum Game'. There are several players in the market, not least QX and others. Not all of them were equally affected by the Defendant's clumsy ad campaign. Mr Sheth's consultants calculate the number of clicks on the Claimant's website in Spring 2021 grew from 537 in March to 769 in April but then dropped to 482 in May, picking up again to 542 in June. That precisely correlates with the Defendant's 'Ad Text' containing 'Advancetrack' from late April to late May. So, whilst I accept the Defendant gained nothing from it, I find on the balance of probabilities that some customers looking for the Claimant were diverted away from it, albeit not to the Defendant, but rather to other competitors who were not 'tarnished' by its campaign as the Claimant was. I return to these last two points at the end of this judgment, but I will now turn to my conclusions of law stemming from those findings of fact.

The Claimant's Reputation

50. In the light of the findings of fact I have already made, I can deal with this heading relatively briefly. It comprises the following issues:
- i) Whether the Claimant has used 'ADVANCETRACK' in the UK in the course of trade.
 - ii) Whether it has goodwill and reputation in that sign in the UK.
 - iii) Whether the trade mark 'ADVANCETRACK' has a reputation in the UK

These issues straddle the Claimant's claims to trade mark infringement under s.10 TMA and Passing Off in Common Law. The first issue is a common requirement of infringement under ss.10(1),10(2) and 10(3) TMA, whilst the third issue is a requirement of s.10(3) TMA only and it overlaps to an extent with the second, the requirement for reputation or goodwill for Passing Off.

51. The short answer to all these issues is that for the reasons I have already given, on the balance of probabilities the Claimant and its trade mark 'Advance Track' has for several years had an established reputation in respect of outsourcing and offshoring for British accountants. Not only was Mr Sheth's (albeit limited) evidence on this not challenged, Mr Husain admitted familiarity with 'Advance Track': not only the Claimant's trade mark, but effectively its 'brand' or 'trade name', often presented as one word, either with capitals ('AdvanceTrack') or all in lower case: ('advancetrack'). As Mr Husain said, his firm had its own chartered accountancy practice and 'Advance Track' was a name 'popping up in my inbox all the time' and 'one of the names known to him in the market'. Importantly, this was not just with his 'competitor hat' on, but specifically with his 'accountant hat' on. Even aside from Mr Sheth's evidence, Mr Husain's admission proves the established reputation of the Claimant's 'Advance Track' service and trade mark for accountants in the UK in 2021 and that

the Claimant used it (and variants of it) in the course of trade in offering those services.

52. This satisfies the broad first limb of Passing Off on issue (ii). Lord Oliver in *Reckitt & Colman v Borden* [1990] 1 WLR 491 (HL) – explained at pg.499 that the first of the three elements of Passing Off was (I return to the others):

“First, [the claimant] 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, such that the get-up is recognised by the public as distinctive specifically of the plaintiff’s goods or services....” (my underline)

I have underlined ‘the purchasing public’ because the issue for Passing Off must in this context mean that part of the public who may purchase the product – in this context, accountancy firms, not the public generally. I note that Lloyd LJ in *Lumos Skincare v Sweet Squared* [2013] EWCA Civ 590 said at paras 40-41:

“At the most basic level, the point of the use of a mark by way of trade is to distinguish products by reference to their trade origin from others whose source is different. Initially, at least, it is not the mark that carries the goodwill or reputation, but the products. If customers are pleased with them, they will buy them again, and they may be more inclined to buy other goods sold under the same mark. Only if a mark is very well established or well promoted is it likely to attract buyers by itself....As Lord Oliver said [in *Reckitt*]...relevant goodwill is attached to the goods supplied by the claimant in the mind of the purchasing public by association with the mark.”

Moreover, as Lord Neuberger said when considering ‘goodwill’ at para 52 of *Starbucks (HK) v British Sky Broadcasting* [2015] 1 WLR 2628 (SC):

“As to what amounts to a sufficient business to amount to goodwill, it seems clear that mere reputation is not enough...The claimant must show it has a significant goodwill, in the form of customers, in the jurisdiction...as opposed to people in jurisdiction who happen to be customers elsewhere.”

Here, the Claimant has proved not just a UK reputation, but established custom and goodwill for its services among British accountants, as Mr Husain knew.

53. Turning to issue (iii) and the ‘reputation’ of the trade mark itself, I repeat s.10(3)

“A person infringes a registered trade mark if he uses in the course of trade, in relation to goods or services, a sign which is (a) identical with or similar to the trade mark, (b)...where the trade mark has a reputation in the United Kingdom and the use of the sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.” (my underline)

That underlining illustrates the distinction Lloyd LJ drew in *Lumos* between the reputation of the services (the focus for Passing Off) and the reputation of the *trade mark itself*. It is the latter which matters for s.10(3) TMA. That provision implements what is now Art.10(2)(c) of the Recast Trade Mark Directive 2015 (which replaced the original Art.5(2) of the Trade Mark Directive 89/104), similarly-worded to s.10(3)

TMA. The ECJ (as it was then) considered ‘reputation’ in what was Art.5(2) in *General Motors v Yplon* [2000] RPC 572, about the use of the trade mark ‘Chevy’ by GM the US car manufacturer, but also by a small company using it in the Benelux countries for cleaning products:

“24. The public amongst which the earlier trade mark must have acquired a reputation is that concerned by that trade mark, that is to say, depending on the product or service marketed, either the public at large or a more specialised public, for example trader in a specific sector....

26. The degree of knowledge required must be considered to be reached when the earlier mark is known by a significant part of the public concerned by the products or services covered by that trade mark...”

The IP specialist Arnold J (as he then was) described such ‘reputation’ (albeit for the EU Trade Mark Regulation) as ‘not a particularly onerous requirement’ at para 126 of *Och-Ziff Management v Och Capital* [2011] Bus LR 632 (Ch). Given my findings that the Claimant’s trade mark ‘ADVANCE TRACK’ itself – and not just its services - has for several years had an established reputation among British accountants, in my judgement, the requirement of a ‘reputation’, indeed a ‘distinctive character and repute’ of that mark is clearly established.

54. Next under the ‘reputation’ heading, there is issue (i), whether the Claimant has used the sign ‘ADVANCETRACK’ in the UK in the course of trade, the latter phrase meaning in the course of commercial activity for commercial advantage and not as a private matter: *Arsenal FC v Matthew* [2003] Ch 454 (ECJ) para 40. Strictly, this is not a requirement of ‘infringement’ under s.10 TMA, which focusses on the Defendant’s ‘use’ (discussed in detail below). However, if there has been no such ‘use’ by the Claimant, the trade mark may be liable for revocation under s.46 TMA (which I consider briefly below as Issue (x)). Issue (i) tees that up by asking whether the Claimant used ‘ADVANCETRACK’ (one word) rather than ‘Advance Track’ (two words). That is a simpler issue than whether the Defendant’s ‘sign’ was ‘identical’ under s.10(1) TMA or ‘confusingly similar’ under s.10(2) TMA. Has the Claimant actually used the one word variant commercially? The simple factual answer, insofar as it matters, is yes - very often. This is shown by the Claimant’s promotional material annexed to the Particulars of Claim (which is itself evidence in the bundle), which shows the frequent use of one-word branding. Whilst this has not tended to be all upper case, that is not suggested to matter.
55. This is a convenient point to deal with an issue which is not strictly pleaded by the Defendant, but which was raised in submissions by Mr Smith (who did not plead the case). It leads on from the last issue about the Claimant’s use of the one-word ‘Advancetrack’ rather than its two-word mark ‘ADVANCE TRACK’ and leads onto Issue (x) partial revocation, that I consider next. s.46 TMA states:

“(1) The registration of a trade mark may be revoked on any of the following grounds—(a) that within the period of five years following the date of completion of the registration procedure it has not been put to genuine use in the United Kingdom, by the proprietor or with his consent, in relation to the goods or services for which it is registered and there are no proper reasons for non-use...

(2) For the purposes of subsection (1) use of a trade mark includes use in a form ('the variant form') differing in elements which do not alter the distinctive character of the mark in the form in which it was registered (regardless of whether or not the trade mark in the variant form is also registered in the name of the proprietor)...."

Mr Smith's question is whether use of 'Advancetrack' (one word) by the Claimant, as I have just found it regularly used it, is 'use' under s.46 TMA of its trade mark 'ADVANCE TRACK' (two words). Happily, it is unnecessary to address this on pleading grounds. As Mr Zweck submitted, the answer to this question can be found in s.46(2) TMA: 'advancetrack', 'Advancetrack' and 'AdvanceTrack' are all 'variant forms' of the Claimant's trade mark 'ADVANCE TRACK'. The expression of that mark as one word with or without capitals does not alter the 'distinctive character' of the trade mark registered as two words. That 'distinctive character' test is looser than 'identity' under s.10(1) TMA and different from 'confusingly similar' under s.10(2) TMA. Both are concerned with comparison of the Claimant's trade mark and *the Defendant's 'sign'*, not the Claimant's trade mark with the *Claimant's 'sign'*. It also turns on perception of the 'average consumer' as the Appointed Person Mr Arnold QC (as he was) said in *NIRVANA Trade Mark* (BL O/262/06) at paras 33-34:

"The first question is what sign was presented as the trade mark on the goods and in the marketing materials during the relevant period.....The second question is whether that sign differs from the registered trade mark in elements which do not alter the latter's distinctive character....(a) what is the distinctive character of the registered trade mark, (b) what are the differences between the mark used and the registered trade mark and (c) do the differences identified in (b) alter the distinctive character...in (a)?"

Applying that approach, for the reasons I discuss further below, in this case 'the average consumer' is personified by 'the average accountant'. I find they would not consider that the expression of 'Advance Track' as 'AdvanceTrack' with or without capitals would alter its distinctive character. This is a much clearer case than the expression of the trade mark 'NIRVANA' as 'NIRVANA NATURAL', held not to alter the former's 'distinctive character' by Mr Arnold QC (as he then was, now Arnold LJ). As I discuss further below, the average accountant, as a relatively sophisticated consumer, would recognise the expression of 'Advance Track' as one word rather than two words, with or without capitals, as essentially a case of branding and marketing presentation rather than altering its distinctive character as a trade mark.

Revocation and Invalidity

56. I turn next to the three strands of the Defendant's counterclaim, Issues (viii)-(x), which I will consider in reverse order, because Issue (x) leads on from that point.
- (x) Whether the Claimant's trade mark should be partially revoked in respect of one Class 36 (relating to financial services).
 - (ix) Whether the Claimant's trade mark is invalid as it consists exclusively of signs or indications which have become customary in the accounting outsourcing trade under s.47 / 3(1)(d) TMA.
 - (viii) Whether the Claimant's trade mark is invalid as it consists exclusively of signs or indications serving to designate the kind, quality intended purpose or other

characteristics of services under s.47 / 3(1)(c) TMA.

Strictly here the burden of proof is on the Defendant who seeks a finding of invalidity under ss.3 and 47 TMA under Issues (viii) and (ix) and partial revocation under Issue (x). However, there is no need for resort to the burden of proof: the evidence here on all these issues supports the Claimant's position.

57. The question of 'partial revocation' arises under s.46(1) TMA, which I set out above. Essentially this issue concerns which 'classes' of the Claimant's registered trade mark 'Advance Track' it has used since registration in 2010. The Defendant accepts the Claimant has used Classes 9 (computer software for professional services, including accountancy) and 35 (accountancy services). The Claimant accepts it has never used Classes 42 (architectural services) and 45 (legal services) and does not oppose revocation of those, which I will order. However, battle is joined on issue (x) over the Claimant's 'genuine use' of Class 36: 'Financial Services; outsourcing [of them] by financial services professionals, financial services provided on-line'. The short answer is I have already found as a fact the Claimant's 'outsourcing' and 'offshoring' models are 'financial services (albeit only to accountants) provided on-line'. They each straddle 'accountancy outsourcing' and 'financial services' (as does uncontested Class 9). The longer answer is this also follows from the principles in *Stichting BDO v BDO Unibank* [2013] ETMR 31 (Ch) paras 51-59 and summary by Kitchin LJ (as he was) in *Maier v ASOS* [2016] Bus LR 1063 at paras.64-65:

"The court must identify the goods or services in relation to which the mark has been used in the relevant period and consider how the average consumer would fairly describe them. In carrying out that exercise the court must have regard to the categories of goods or services for which the mark is registered and the extent to which those categories are described in general terms. If those categories are described in terms which are sufficiently broad so as to allow the identification within them of various sub-categories which are capable of being viewed independently then proof of use in relation to only one or more of those sub-categories will not constitute use of the mark in relation to all the other sub-categories....[T]he purpose of the provision is to ensure that protection is only afforded to marks which have actually been used or, put another way, that marks are actually used for the goods or services for which they are registered."

In my judgement, the 'average accountant' would recognise that the Claimant's use of its trade mark 'Advance Track' for its 'outsourcing services', even aside from its more recent 'offshoring services', with its mixture of technology and actual accounting provision by its staff in India, has always straddled the categories of 'computer services for accountants' (Class 9), 'accountancy services' (Class 35) and indeed 'financial services provided online' (albeit only to accountants) in Class 36 because the services the Claimant provides seen from everyone's perspective are unquestionably accountancy services using software; but also 'financial services provided online' from the perspective of the 'average accountant' due to the financial benefits to their business itself.

58. Issue (ix) - whether the Claimant's trade mark is invalid as consisting exclusively of signs or indications which have become customary in the accounting outsourcing

trade under s.47 / 3(1)(d) TMA – was not pursued in submissions by Mr Smith but I deal with it very briefly. Those provisions state:

47(1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolute grounds for refusal of registration). Where the trade mark was registered in breach of subsection (1) (b), (c) or (d) of that section, it shall not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered.

3(1) The following shall not be registered... (d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in *bona fide* and established practices of the trade...”

It follows from the findings of fact that I have already made that the Claimant’s trade mark ‘Advance Track’ has not become customary in the current language and practices of the trade. An example of such ‘genericism’ is ‘hoover’ for vacuum cleaner, irrespective of whether or not made by the company ‘Hoover’. There is no evidence of that whatsoever in this case. On the contrary, the Claimant has jealously guarded the distinctiveness (such as it is) of ‘Advance Track’, as it is doing by these proceedings themselves.

59. I say ‘the distinctiveness of Advance Track (such as it is)’, because that is relevant to Issue (viii), which is the claim for revocation under s.47 above but this time for ‘descriptiveness’ under s.3(1)(c), which I read with s.3(1)(b) TMS:

“**3(1)** The following shall not be registered... (b) trade marks which are devoid of any distinctive character, (c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, the time of production of goods or of rendering of services, or other characteristics of goods or services.

Mr Smith’s brief submission on Issue (viii) (which he did not push particularly hard) was that ‘Advance Track’ is exclusively ‘descriptive’ under s.3(1)(c) TMA of the ‘characteristics’ of the Claimant’s ‘outsourcing’ and ‘offshoring’ services. However, again Mr Smith did not really explore this with Mr Sheth. However, this seems to have been less a forensic decision as with ‘reputation’ which is the Claimant’s burden to prove, as it relates to the Defendant’s invalidity defence. I suspect that Mr Smith, who had not pleaded the Defence, was more focused on arguing ‘Advance Track’ was not ‘distinctive’, although not as a defence under s.3(1)(b) TMA (which is not pleaded) but as relevant to infringement under s.10 TMA (discussed below). As Mr Smith recognises, there is a link between a trade mark’s ‘distinctiveness’ and its ‘descriptiveness’. Whilst I was not referred to any authority on this Issue, I note (again) Arnold J (as he then was) in *W3 v Easygroup* [2018] ETMR 40 (Ch) discussed this link. It was a challenge under the similarly-worded EU Regulation by ‘EasyGroup’ (who own ‘EasyJet’ and trademarks including ‘EasyHotel’) to an unassociated business providing a flat-share service, ‘Easyroommate’. Arnold J explained how a trade mark which was ‘descriptive’ (which he found ‘Easyhotel’ etc were for ‘temporary accommodation’) could nevertheless be valid if its use had acquired distinctive character (which he held it had not). He said at paras 154-5

“154. The principles to be applied under art.7(1)(c) were summarised by the Court of Justice of the EU in *Agencja Wydawnicza Technopol v Office for Harmonisation*.... (C-51/10P) [2011] E.C.R. I-1541...[at para 50]:

“.....The fact that the legislature chose to use the word ‘characteristic’ highlights the fact that the signs referred to.....are merely those which serve to designate a property, easily recognisable by the relevant class of persons, of the goods or the services in respect of which registration is sought. As the Court has pointed out, a sign can be refused registration on the basis of Article 7(1)(c)... only if it is reasonable to believe that it will actually be recognised by the relevant class of persons as a description of one of those characteristics”

155 In addition, a sign is excluded from registration by art.7(1)(c) if at least one of its possible meanings designates a characteristic of the goods or services concerned: see *Office for Harmonisation...v Wm Wrigley Jr Co* (C-191/01) [2003] E.C.R. I-12447 at [32] and *Koninklijke KPN Nederland BV v Benelux-Merkenbureau* (C-63/99) [2004] ECR I-1619 at [97].”

In this case, it is clear that no possible meaning of ‘Advance Track’ would be recognised by the ‘average accountant’ as exclusively a description of its services (unlike ‘Outsourcing’ or ‘Offshoring’ or some variation of those as in Easygroup). It is true there was a tenuous link with ‘tracking’ in the software inspiring Mr Sheth and his sister in choosing the name twenty years ago. However, as he recognised in evidence when I explored it with him (seeking to ensure the Defendant’s defence was properly explored), it is not descriptive of either ‘outsourcing’ or ‘offshoring’ or indeed the Claimant’s use of technology, but rather reflects it being in the vanguard (or ‘Advance Track’) of the industry. In any event, even if that is wrong, on the test Arnold J went on to describe in *Easygroup* at paras 156-165 which I need not cite, in my judgment over those twenty years, ‘Advance Track’ has come to acquire a distinctive character to the ‘average accountant’ as deriving from the Claimant’s business, which is the reason Mr Husain was familiar with it as one of the main players in the market. To my mind, it is telling that the Defendant did not seek to argue that by using ‘Advancetrack’ it was merely describing its own services, relying on the defence to infringement in s.11(2)(b) TMA which states that a trade mark is not infringed by use of signs which are ‘descriptive’ in similar terms to s.3(1)(c) TMA.

Infringement

60. Having cleared away some of the secondary points the Defendant had raised but not really dwelt on, I now turn to the central focus of the evidence and both Counsel’s submissions: infringement under s.10 TMA. s.10 was amended in 2019 to implement Art.10 Trade Mark Recast Directive 2015, but has not been amended since Brexit in 2020. So, for the reasons discussed above, it is common ground the law remains as it was, but I will also address domestic statutory interpretation in case that is wrong. Therefore, I will deal with infringement under five sub-headings. Firstly, I will repeat s.10 TMA and compare it with the Directive. Secondly, I will focus on internet ‘use’ of trademarks, distinguishing ‘Keyword Use’ from ‘Ad Text Use’. Thirdly, I consider the ‘Keyword’ issue. Fourthly, I consider the ‘Ad Text’ issue. Finally, domestic interpretation of s.10.

Art.10 Trade Mark Recast Directive 2015 and s.10 TMA 1994 (as amended by it)

61. Art.10 of the Recast Directive 2015 ('Recast Directive') largely restates Art.5 of the Trade Mark Directive 1988 as amended ('TMDir') cited in most cases:

- “10.1. The registration of a trade mark shall confer on the proprietor exclusive rights therein.
- 10.2. Without prejudice to the rights of proprietors acquired before the filing date or the priority date of the registered trade mark, the proprietor of that registered trade mark shall be entitled to prevent all third parties not having his consent from using in the course of trade, in relation to goods or services, any sign where:
- (a) the sign is identical with the trade mark and is used in relation to goods or services which are identical with those for which the trade mark is registered;
 - (b) the sign is identical with, or similar to, the trade mark and is used in relation to goods or services which are identical with, or similar to, the goods or services for which the trade mark is registered, if there exists a likelihood of confusion on the part of the public; the likelihood of confusion includes the likelihood of association between the sign and the trade mark;
 - (c) the sign is identical with, or similar to, the trade mark irrespective of whether it is used in relation to goods or services which are identical with similar to, or not similar to, those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.
- 10.3. The following, in particular, may be prohibited under paragraph 2:
- (a) affixing the sign to the goods or to the packaging thereof;
 - (b) offering the goods or putting them on the market, or stocking them for those purposes, under the sign, or offering or supplying services..
 - (c) importing or exporting the goods under the sign;
 - (d) using the sign as a trade or company name or part of [one];
 - (e) using the sign on business papers and in advertising;
 - (f) using the sign in comparative advertising in a manner that is contrary to Directive 2006/114/EC.”

62. I also repeat s.10 TMA (as amended in 2019 to reflect the Recast Directive):

- “10(1) A person infringes a registered trade mark if he uses in the course of trade a sign which is identical with the trade mark in relation to goods or services which are identical with those for which it is registered.
- (2) A person infringes a registered trade mark if he uses in the course of trade a sign where because— (a) the sign is identical with the trade mark and is used in relation to goods or services similar to those for which the trade mark is registered, or (b) the sign is similar to the trade mark and is used in relation to goods or services identical with or similar to those for which the trade mark is registered, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the trade mark.
- (3) A person infringes a registered trade mark if he uses in the course of trade, in relation to goods or services, a sign which is (a) identical with or similar to the trade mark, (b)...where the trade mark has a reputation in the United Kingdom and the use of the sign, being without due cause, takes unfair

advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

(3A) Subsection (3) applies irrespective of whether the goods and services in relation to which the sign is used are identical with, similar to or not similar to those for which the trade mark is registered....

(4) For the purposes of this section a person uses a sign if, in particular he (a) affixes it to goods or the packaging thereof;

(b) offers or exposes goods for sale, puts them on the market or stocks them for those purposes...or offers or supplies services under the sign;

(c) imports or exports goods under the sign;

(ca) uses the sign as a trade or company name or part of [one];

(d) uses the sign on business papers and in advertising; or

(e) uses the sign in comparative advertising in a manner..contrary to the Business Protection from Misleading Marketing Regulations 2008....”

The Parliamentary draftsman has implemented Art.10.1 in s.9 TMA and separated the three limbs of infringement in Art.10.2(a), (b) and (c) into three freestanding subsections: s.10(1), s.10(2) and s.10(3) TMA (and disaggregated Art.10.2(c) by splitting it over s.10(3) and (3A)). However, the elements of each are the same as their analogue in Art.10.2 as is the illustrative list of ‘uses’.

63. This similarity (and the preservation of indirect effect under s.5(2) EUWA for EU-derived provisions unamended since Brexit) means s.10 must be interpreted as co-extensive with the Directive. So, Kitchin LJ’s descriptions in *Interflora* of the three forms of infringement in the similarly-worded predecessor Directive (and EU Trade Mark Regulation) apply to s.10 TMA too [which I substitute]:

“67... [For s.10(1) TMA]...the proprietor of a trade mark must prove that the following six conditions are satisfied, namely (i) there must be use of a sign by a third party within the relevant territory; (ii) the use must be in the course of trade; (iii) it must be without the consent of the proprietor; (iv) it must be of a sign which is identical with the trade mark; (v) it must be in relation to goods or services..identical with those for which the trade mark is registered; and (vi) it must affect or be liable to affect one of the functions of the trade mark....

68 A proprietor of a registered trade mark alleging infringement under [s.10(2) TMA]... must also satisfy six conditions, namely (i) there must be use of a sign by a third party within the relevant territory; (ii) the use must be in the course of trade; (iii) it must be without the consent of the proprietor; (iv) it must be of a sign which is identical with or similar to the trade mark; (v) it must be in relation to goods or services which are identical with or similar to those for which the trade mark is registered; and (vi) it must give rise to a likelihood of confusion...

69..[T]he essential elements of a claim for infringement of a registered trade mark under [s.10(3) TMA].... are: (i) the registered trade mark must have a reputation in the relevant territory; (ii) there must be use of a sign by a third party in the relevant territory; (iii) the use must be in the course of trade; (iv) it must be without the consent of the proprietor; (v) it must be of a sign which is identical with or similar to the trade mark; (vi) it must be in relation to goods or services; (vii) it must give rise to a link between the sign and the trade mark in the mind of the average consumer; (viii) it must give rise to one of three types of injury, that is to say, (a) detriment to the distinctive character of the trade mark, (b) detriment

to the repute of the trade mark, or (c) unfair advantage being taken of the distinctive character or repute of the trade mark; and (ix) it must be without due cause.

64. I will refer to the owner of the trade mark as the ‘proprietor’ (the Claimant here) and the third party competitor in this context as the ‘advertiser’ (the Defendant here). As is conventional, I will refer to the s.10(1) TMA test by shorthand as ‘double identity’, reflecting identity of both the goods or services between the proprietor and advertiser and identity of the latter’s sign with the former’s trade mark. It is common ground here under s.10(1) TMA, elements (i), (ii), (iii) and (v) are met. I will refer to the s.10(2) TMA test as ‘confusingly similar’ as both the goods/services and sign/mark need only be ‘similar’ but the latter must carry a ‘likelihood of confusion’. It is common ground here that under s.10(2) TMA, elements (i), (ii), (iii), (iv) and (v) are met. I will refer to the s.10(3) TMA test as ‘unfair advantage/detriment’ since either of those are a requirement which distinguish the broader reach of s.10(3) TMA from the other two forms. It is common ground here under s.10(3) TMA, elements (ii), (iii), (iv), (v) and (vi) were established and I have already found element (i) - reputation – is proved.
65. Mr Zweck’s and Mr Smith’s skeletons addressed infringement under separate submissions on the contested elements of s.10(1), s.10(2) and s.10(3) TMA. ‘Use in the territory’ ‘in the course of trade’ and ‘in relation to services’ were conceded by Mr Smith, notwithstanding that his predecessor had pleaded what Mr Zweck called an ‘Ad Word Defence’: namely that including a competitor’s trade mark as a Google ‘Keyword’ is not ‘use’ of it. However, in oral argument, prompted by questions from me as a newcomer to this field, Counsel helpfully teased out two quite different types of ‘use’ of ‘Advancetrack’ by the Defendant. The first was what I will call the Defendant’s ‘Keyword Use’ (i.e. its bidding on ‘Advancetrack’ as a ‘keyword’ being inputted by users). The second was what I call its ‘Ad Text Use’ (i.e. what I have found to be the inadvertent appearance of ‘AdvanceTrack’ in the resulting Google adverts). Whilst ‘Ad Words’ is Google’s own term, in this context it risks conflating the two ‘uses’ so I will try to avoid it and stick to ‘invisible’ ‘Keyword Use’ and ‘visible’ ‘Ad Text Use’.

Internet ‘Use’ of Trade Marks

66. In my judgement, such careful differentiation of different ‘internet uses’ of a trademark is not only helpful but necessary, because those different ‘uses’ can raise entirely different questions. Not distinguishing between different ‘uses’ also leads to confusion if the ‘sign’ being ‘used’ in each case differs (as it does here). These differences affect how each ‘use’ is analysed through the different ‘lenses’ of s.10(1), s.10(2) and s.10(3) TMA. One ‘use’ may ‘infringe’ on one or more of these grounds, whilst the other does not, or both may infringe or both may not, but for different reasons. Therefore, before addressing each specific ‘use’ in this case, I will briefly discuss this differentiation of ‘internet uses’ (some of which are considered in the helpful chapter on the Internet in *Kerly on Trade Marks and Trade Names* 16th Ed (2020) paras 28-082-28.094). As the Internet (strictly, the World Wide Web) has only been with us for just over thirty years, the law is still trying to get up to speed and keep pace with the technology.

67. Whilst there were earlier judicial exploratory forays onto the Internet (such as *BT v One in a Million Ltd* [1999] 1 WLR 903 (CA) which held that registration of domain names could amount to ‘Passing Off’), the first detailed attempt to grapple with trade mark ‘internet use’ *Kerly* notes and that I have seen was by Jacob LJ in *Reed Executive v Reed Business Information* [2004] RPC 40 (CA). The Claimant was an established employment agency which had trade-marked ‘REED’ and set up a recruitment website www.reed.co.uk back in 1995. The defendant was a subsidiary of a publisher (Reed Elsevier) who in 1999 started an internet recruitment website: www.totaljobs.com. The word ‘Reed’ was linked to that website in three ways. Firstly, it included the word ‘Reed’ visibly as text within the website as part of the signs ‘Reed Elsevier’ as a logo and ‘Reed Business Information’ initially as a logo then as a copyright notice. Jacob LJ referred to these as ‘visible use’. There was no appeal against the finding the logos were ‘confusingly similar’ to the trade mark ‘REED’. Jacob LJ also discussed relief for this infringement (to which I return). However, he also found the defendant’s ‘use’ of its copyright notice ‘Reed Business Information’ as a composite whole was a separate ‘sign’, neither ‘identical’ with the trade mark ‘REED’ under Art.5.1(a) TMDir (I also return to his analysis of this below), nor on the evidence ‘confusingly similar’ under Art.5.1(b) TMDir. (Unfair advantage/detriment under s.10(3) TMA – not yet amended as Jacob LJ later noted in *Intel*, was not argued). However, Jacob LJ noted there were also two ‘invisible uses’ – so named as users of the website could not see the use. Secondly, the defendant had used ‘Reed’ as a ‘metatag’ for the website itself (a concept explained by *Kerly*, which as I understand it means the site code itself included the word ‘Reed’ so it was more likely to be found by internet searches for ‘Reed’). Also, the Internet search engine ‘Yahoo’ (as I recall – somewhat nostalgically – the then-leading search engine in the UK at least) ran an early version of what would become ‘Google Ads’. This took the form of ‘banner advertisements’ which businesses could pay for, prompted by searches for ‘reserved words’, which included ‘job’ and ‘recruitment’ and Yahoo added ‘Reed’. Jacob LJ found the ‘metatags’ and ‘banners’ did not ‘pass off’ nor were they ‘confusingly similar’ under Art.5.1(b). However, although Art.5.1(a) was not argued on ‘invisible use’, Jacob LJ presciently questioned whether use of a competitor’s trade mark as a ‘metatag’ or ‘reserved word’ might fall within it:

“142 [On ‘banners’] the question would appear to turn on whether the use of the word ‘Reed’ by Yahoo at the instance of RBI properly amounted to a ‘use in the course of trade’. It may be that an invisible use of this sort is not use at all for the purposes of this trade mark legislation - there is no meaning being conveyed to anyone—no ‘sign’....

149 [On ‘metatags’] there are several difficult questions: (a) First, does metatag use count as use of a trade mark at all? In this context it must be remembered that use is important not only for infringement but also for saving a mark from non-use. In the latter context it would at least be odd that a wholly invisible use could defeat a non-use attack. (b) If metatag use does count as use, is there infringement if the marks and goods or services are identical? This is important: one way of competing with another is to use his trade mark in your metatag—so that a search for him will also produce you in the search results. Some might think this unfair—but others that this is good competition provided that no-one is misled. (c) If metatag use can fall within the infringement provisions of Art.5, can the defences under Art.6.1(a) apply, for instance the own name defence?”

Jacob LJ's differentiation of (i) 'visible use' on a website of a 'sign' to which ss.10(1), (2) and/or (3) TMA can be applied in a straightforward way; and then (ii) 'invisible use' to which more complex considerations may apply, is helpful. Indeed, the distinction has been reinforced over the last twenty years as the CJEU has grappled with the astonishing growth and variegation of the Internet.

68. With 'visible internet use', cases may involve application of existing principles to this new context. In *Reed*, when considering the 'visible use' of the copyright notice, Jacob LJ analysed cases on 'double identity', 'confusing similarity' and the 'own name defence' (in s.11 TMA) having nothing to do with the Internet. Likewise, in *Maier*, the defendant online clothing retailer ASOS succeeded in resisting an infringement claim for clothing by the Swiss specialist cycling clothing brand ASSOS (owned by Mr Maier) on an 'own name defence'. However, the difference in business model between ASOS (entirely online) and ASSOS (having a limited online presence) was relevant to 'confusing similarity' on which Counsel here cited it as summarising all the key cases, again many being unrelated to the Internet. *W3 v Easygroup* concerned 'internet use' of the website 'Easyroommate', although there was no infringement applying *Maier*.
69. Nevertheless, there are some cases of 'visible internet use' that stretch existing definitions of 'use' on 'Internet topics', such as online jurisdiction, domain names and secondary liability for online use and of Internet platforms:
- i) Online jurisdiction was considered by the CJEU's Grand Chamber in *L'Oreal v eBay* [2012] Bus LR 1369, which held a court only had jurisdiction if offers for sale on a website hosted in the US (E-Bay) were 'targeted' at that jurisdiction e.g. by willingness to dispatch goods to it. Indeed, in *Lifestyle Equities v Amazon UK* [2022] FSR (CA) Arnold LJ at para 51 emphasised that the issue was whether there had been 'use' of an infringing sign in the jurisdiction, either by such 'targeting' or actual exports and there was both from Amazon's US site. (I also note in *Lannen v Berky* [2023] ETMR 26, the CJEU recently held it could also be established by use of a country-specific domain name - e.g. '.co.uk'.)
 - ii) Domain names (and jurisdiction) were also discussed by Floyd LJ in *Argos Ltd v Argos Systems Inc* [2019] Bus LR 1728 (CA), which concerned Google's 'Ad Sense' system, where participating companies agree to host each others' 'banner adverts' and are 'paid per click'. The US software firm Argos Systems Inc ('ASI') registered its domain name 'www.argos.com' right at the start of the World Wide Web in 1992, before the British retailer Argos ('AUL') registered 'www.argos.co.uk'. Both later participated in 'Ad Sense' and ASI gained c.\$100,000 from British shoppers looking for AUL typing in 'www.argos.com' by mistake but immediately clicking AUL's advert Google had generated (so doubtless reinforcing the algorithm), until ASI changed its site. Until then, Floyd LJ held ASI had 'targeted' the UK and AUL's reputation led customers by mistake onto ASI's website then to AUL's advert, creating a 'link' under the equivalent of s.10(3) TMA in the EU Regulation and 'advantage' to ASI, but it was not 'unfair' for various reasons, including ASI's earlier domain name. While domain name registration can amount to Passing Off (*One in a Million*), in *Belgian ES v Peelaers* [2013] Bus LR 1265 the CJEU confirmed mere registration as opposed to active operation of

domain names was not ‘advertising’ under the Advertising Directive 2006/114, referred to as a potential ‘use’ under Art.5 TMDir.

- iii) Secondary liability was also considered in *E-Bay* by the CJEU holding that E-Bay’s ‘online marketplace’ did not ‘use’ infringing signs merely because they were included in its customers’ adverts as opposed to its own communications, as in *UDV v Brandtraders* [2010] ETMR 25, where the CJEU held a website brokering branded goods transactions between merchants ‘used’ trade marks despite not owning the goods. However, in *E-Bay*, as it ‘hosted’ its online marketplace, it could be liable under the separate ECommerce Directive if it failed to address trade mark infringement. (This liability was the original legal basis for ‘website blocking orders’, although in *Cartier v BT* [2018] 1 WLR 3259 the Supreme Court preferred to put them on an equitable basis). Conversely, a third party’s conduct can end an advertiser’s ‘use’ of an infringing sign, as in *Daimler v Egyud Garage* [2016] Bus LR, where a garage’s licence to call itself an ‘authorised Mercedes Dealer’ was terminated and it tried to remove adverts stating that from online directories. The CJEU held it no longer ‘used’ that sign at paras 39-41:

“[T]he expression ‘using’ [cited in various languages].. involves active behaviour and direct or indirect control of the act constituting the use. However, that is not the case if that act is carried out by an independent operator without the consent of the advertiser, or even against his express will. Article 5(3), which lists in a non-exhaustive manner the types of use which the trade mark proprietor may prohibit refers exclusively to active behaviour on the part of the third party...Article 5(1) is intended to provide the proprietor with a legal instrument allowing him to prohibit, and to prevent, any use of his trade mark by a third party without his consent. However, only a third party who has direct or indirect control of the act constituting the use is effectively able to stop that use and..comply with that prohibition.”

In *MK Advokaten v MBK* [2020] Bus LR 2018, the CJEU applied this reasoning in *Daimler* to hold that where a trader ‘used’ an infringing advert online, where that advert was reproduced by other websites not within the trader’s control, it was not ‘using’ the mark on those websites, but their operators were. The CJEU stated the test at para 25:

“...It is for the referring court to examine whether it follows from the conduct of mk advokaten, in the context of either a direct or indirect relationship between [it] and the operators of the websites...that [they] placed the advertisement online by its order and on its behalf.”

70. Indeed, I referred *Daimler* and *MBK* to Counsel here as more recent cases which emphasise the centrality of ‘use’ to trade mark infringement. Moreover, the Defendant here specifically accepts it was *vicariously liable* for the actions of JEC, which I have now found occurred – that JEC included ‘AdvanceTrack’ in the Defendant’s visible ‘Ad Text’ in error and without authorisation. Vicarious liability is a common law concept which applied because trade mark infringement is a statutory tort, as will be discussed in the context of director’s liability by the Supreme Court in *Lifestyle Equities v Ahmed* (appeal from [2021] EWCA Civ 675 – not the *Amazon* case). However, ‘use’ is fundamental to proof of the tort itself; and as discussed in *Daimler*

and *MBK*, it requires ‘active conduct and direct or indirect control of the act constituting the use’ as opposed to an act carried out independently without its consent – that is a different issue to vicarious liability for a tort which has been separately established.

71. Therefore, whilst the Defendant did not raise the point, I have still asked myself whether in the light of my findings it did indeed ‘use’ the ‘Ad Texts’ such as:

“Advancetrack Outsourcing – Payroll Outsourcing – UK Outsourcing_Outsource your compliance work to us, focus on more profitable work...”

I am satisfied the Defendant did ‘use’ those ‘Ad Texts’ (which were plainly ‘advertising’ under s.10(4) TMA and Art.10.3 Recast Directive) despite the fact it did not authorise the use of ‘Advance Track’ which was its agent JEC’s error. As I have found, the Defendant through Mr Husain plainly authorised – indeed instructed – those adverts. JEC ‘placed the advertisement online by order and on its behalf’. Indeed, the Defendant effectively left this entirely to JEC without even checking the final version – it did not even check it when told there was an issue at the start of May 2021. Applying the approach in *Daimler* and *MBK*, the Defendant’s active conduct was to instruct JEC to run the adverts and it had direct or indirect control over them – it could have checked and indeed pulled them before they started or once the problem arose. Therefore, the Defendant ‘used’ the adverts in my judgment from the start. Even if I am wrong about that, the Defendant ‘used’ these adverts from the start of May when it failed to correct them (by analogy with the liability in *E-Bay* for failing to take down unlawful adverts of which it is aware under the Ecommerce Directive). It does not matter whether either such ‘use’ was deliberate - as discussed by the Court of Appeal in *Ahmed*, trade mark infringement is a strict liability tort so intention is not a requirement (although it is relevant to damages, as I discuss below). Therefore, in fairness Mr Smith was entirely right not to run this argument on behalf of the Defendant and I will say no more about it.

72. I turn from ‘visible use’ to ‘invisible internet use’, which has arguably gone beyond simply applying established principles to new technology. I defer to others’ expertise, but I am certainly not aware of pre-existing liability for ‘invisible infringement’. As Jacob LJ anticipated in *Reed*, the key question was whether ‘invisible use’ was ‘use’ at all. That was emphatically confirmed by the CJEU’s Grand Chamber in *Google France v Louis Vuitton* [2011] Bus LR 1 and a series of Chamber decisions in its wake. In *Google France*, various trade mark manufacturers of well-known brands alleged infringement by the by-now (and still) leading internet search engine ‘Google’ (whose own trade mark has now become so globally generic it is commonly used as an informal verb). In summary, the CJEU held at paras 50-74 that a third party advertiser bidding on another’s trade mark as a ‘keyword’ on Google (in the manner described in the quote from *Interflora* above) ‘uses it in the course of trade’ and ‘in relation to goods or services’ under the Trade Mark Directive, but the search engine provider like Google (strictly a ‘referencing service provider’) does not ‘use’ it:

“56 The use, by a third party, of a sign identical with, or similar to, the proprietor’s trade mark implies, at the very least, that that third party uses the sign in its own commercial communication. A referencing service provider allows its clients to use signs which are identical with, or similar to, trade marks, without itself using those signs....

68...[I]n most cases an internet user entering the name of a trade mark as a search term is looking for information or offers on the goods or services covered by [it]. Accordingly, when advertising links to sites offering goods or services of competitors of [its] proprietor are displayed beside or above the natural results of the search, the internet user may, if he does not ...disregard those links as being irrelevant and does not confuse them with those of the proprietor of the mark, perceive those advertising links as offering an alternative to the goods or services of the trade mark proprietor.

69 [Where] a sign identical with a trade mark is selected as a keyword by a competitor of the proprietor of the mark with the aim of offering internet users an alternative to the goods or services of that proprietor, there is a use of that sign in relation to the goods or services of that competitor.”

Therefore, in *Google France*, it was the ‘keyword’ not the visible appearance of the website - which was the ‘use’ of the ‘sign’ which had to be analysed for infringement under what was then Art.5 TMDir: for ‘double identity’ under Art.5.1(a), ‘confusing similarity’ under Art.5.1(b), or ‘unfair advantage or detriment’ under Art.5(2). As the CJEU held, where the keyword chosen was the trade-mark itself and the services were also identical, Art.5(1)(a) applied and there was no need to prove a likelihood of confusion under Art.5(1)(b).

73. However, ironically, what the CJEU in *Google France* explained next itself needs to be clearly understood to avoid confusion. The CJEU noted even with Art.5(1)(a) ‘double identity’ of sign with mark and of goods/services, earlier decisions such as *Arsenal* had confirmed there was no infringement unless ‘one of the functions of the trade mark was adversely affected’, notwithstanding the absence of specific reference to that in the Directive (or subsequent EU Trade Mark Regulation). As the (then) ECJ had said in *Arsenal* (in holding replica kit sold outside Arsenal FC’s ground had infringed its trade mark) at paras 50-51:

“...[I]n the case of [double] identity...[the aim] of protection is in particular to guarantee the trade mark as an indication of origin....[T]he exclusive right under article 5(1)(a) of the Directive was conferred in order to enable the trade mark proprietor to protect his specific interests as proprietor, that is, to ensure that the trade mark can fulfil its functions. The exercise of that right must therefore be reserved to cases in which a third party's use of the sign affects or is liable to affect the functions of the trade mark, in particular its essential function of guaranteeing to consumers the origin of the goods.”

In later cases like *L’Oreal v Bellure* [2010] Bus LR 303 the CJEU had expanded on the other ‘functions of the trade mark’ which could be ‘adversely affected’ such as ‘advertising’ ‘investment’, ‘communication’ and ‘quality’. In *Google France*, the CJEU softened in the impact of holding ‘Keyword Use’ could fall within Art.5.1(a) TMDir by holding the ‘advertising function’ would not be affected provided the proprietor’s advert appeared along with the third party’s advert who was using its mark as a keyword; and setting out this test for when the ‘origin function’ of a trade mark is ‘adversely affected’ by ‘keyword use’:

“...[T]he proprietor of a trade mark is entitled to prohibit an advertiser from advertising, on the basis of a keyword identical with that trade mark which that advertiser has, without the consent of the proprietor, selected in connection with an internet referencing service, goods or services identical with those for which

that mark is registered...where that advertisement does not enable an average internet user, or enables that user only with difficulty, to ascertain whether the goods or services referred to therein originate from the proprietor of the trade mark or an undertaking economically connected to it or, on the contrary, originate from a third party.”

74. *Kerly* at p.28-089 calls this ‘*Google France* test’ (as I shall call it) ‘*effectively a watered-down version of the requirement for a ‘likelihood of confusion’ under s.10(2)*’. That ‘confusingly similar’ test under Art.5.1(b) TMDir did not apply in *Google France* where keywords were ‘identical’ to trade marks, but the CJEU in *Die Bergspechte v Gunter* [2010] ETMR 592 held the *Google France* test applied by analogy to ‘confusingly similar’ ‘keywords’ under Art.5.1(b). So did *Portakabin v Primakabin* [2011] Bus LR 1339, where the CJEU added that satisfying the *Google France* test was likely to exclude an ‘own name defence’, as Jacob LJ had posed in *Reed*. (The CJEU in *Peelaers* answered another of his questions, holding use of a trade mark as a metatag to draw search engines also constituted ‘advertising’, so probably also ‘trade mark use’). Indeed, in *E-Bay* the CJEU held at paras 89-97 that if E-Bay used keywords identical to trade marks to advertise *itself* on Google, that could be ‘use’ within Art.5(2) ‘unfair advantage’. However, in *Interflora v Marks & Spencer* [2012] Bus LR 1440 (‘*Interflora* CJEU’) the CJEU set out a different test for when ‘keyword use’ infringes Art.5(2) TMDir. This led Arnold J [2013] EMTR 703 (‘*Interflora* HC’) to doubt the *Google France* test applied to ‘confusingly similar’ cases, but Kitchin LJ (as he was) in the Court of Appeal [2015] Bus LR 492 (‘*Interflora* CA’) at para 84 stressed *Bergspechte* made clear that it did. However, Kitchin LJ did agree with Arnold J that if an advertiser deliberately chose particular ‘generic’ keywords but did not ‘negatively match’ (i.e. exclude) a competitor’s trade mark ‘with the object and effect’ of producing its own advert alongside that competitor’s trade mark, even that could itself amount to ‘use’ of it.
75. Before summarising some of the key points on ‘keyword use’ and applying it here, I would make three general points on the internet trade mark use:
- i) Firstly, it is important to be clear whether you are considering ‘visible internet use’ of another’s trade mark or ‘invisible internet use’ of it, or indeed both, as in this case. The *Google France* test was developed in the specific context of ‘invisible keyword use’. If a sign identical or confusingly similar to a trade mark appears in ‘visible advert text’, it may well be liable to adversely affect the origin function of the trade mark even if the *Google France* test is not satisfied. By analogy, in *Arsenal* itself, a prominent notice saying the replica kit was not official did not save the seller outside Highbury from infringing Arsenal’s mark.
 - ii) Secondly, if considering ‘visible internet use’, it is particularly important to focus on *who* is ‘using’ the impugned ‘sign’. If it appears on a trader’s website as in *Reed*, *Maier* and *Easygroup*, it will be straightforward. However, if it appears on other sites, directories, online marketplaces such as E-Bay or as a search result on Google, it may be more complex. If the trader has tried to remove the ‘sign’ from another’s site or even if the website operator has reproduced it without the trader’s consent, they may be ‘using’ it and the trader may not be (*Daimler*, *MBK*). Operators like Google and E-Bay will not generally ‘use’ signs posted by others under the TMDir, but may be liable

under E-Commerce provisions for failing to take infringing entries down if asked (*Google France, E-Bay*).

- iii) Thirdly, with ‘invisible internet use’, the focus will often be on what use the trader/advertiser has made eg. metatags as in *Reed* or *Peelars*; or keywords as in *Google France* and the cases following it. However, the the *Google France* test only applies to search engine keywords which are identical or confusingly similar to a trade mark. Following *Interflora* CJEU, there is a different approach for ‘unfair advantage/detriment’ to test whether the resultant advert is liable to have an adverse effect on its origin function. But either way, *the ‘use’ is the keyword, not the resulting advert*. As the IP specialist Henry Carr J (who has since sadly died) put it in *Victoria Plum v Victoria Plumbing* [2017] Bus LR 363 paras 45-48, the advert is the *consequence* of the ‘keyword use’, not the ‘use’ itself. Indeed, in *Google France* and *Bergspechte*, the CJEU stressed the ‘sign’ selected as a ‘keyword’ need not appear in the resulting advert, which can still breach the ‘*Google France* test’ even without any sign ‘identical’ or ‘confusingly similar’ to the trade mark. In *Bergspechte*, as I discuss below, the advertiser’s two keywords derived from the proprietor’s figurative trade mark which contained both and the CJEU focussed on confusing similarity of *those keywords*, not the resultant advert. Therefore, there is no ‘confusing similiarity’ between the *Google France* test and s.10(2) TMA, they are analytically different in three ways. They have a different *target*: the former, the ‘sign’ itself; the latter the advert generated by the keyword used as the ‘sign’. They have a different *focus*: the former, a comparison between ‘sign’ and ‘mark’; the latter whether the resulting advert enables an internet user to determine its origin. Finally, they have a different *threshold*: the former ‘confusing similarity’; the latter ‘not enabling to ascertain origin’. I will now turn to ‘Keyword Use’ more specifically.

Keyword Use

76. In *Interflora CA*, Kitchin LJ reviewed in detail all the CJEU authorities on ‘keyword use’, such as *Google France*, *Bergspechte*, *Portakabin* and *Interflora* itself. As he noted, in *Google France*, the CJEU’s key reasoning on ‘adverse effect on the origin function of a trade mark’ included these observations:

“83. The question whether that function of the trade mark is adversely affected when Internet users are shown, on the basis of a keyword identical with a mark, a third party’s ad, such as that of a competitor of the proprietor of [it], depends in particular on the manner in which that ad is presented.

84. The function of indicating the origin of the mark is adversely affected if the ad does not enable normally informed and reasonably attentive Internet users, or enables them only with difficulty, to ascertain whether the goods or services referred to by the ad originate from the proprietor of the trade mark or an undertaking economically connected to it or, on the contrary, originate from a third party....

85. In such a situation, which is....characterised by the fact that the ad in question appears immediately after entry of the trade mark as a search term by the Internet user concerned and is displayed at a point when the trade mark is, in its capacity as a search term, also displayed on the screen, the Internet user may err as to the origin of the goods or services in question. In those circumstances, the use by the

third party of the sign identical with the mark as a keyword triggering the display of that ad is liable to create the impression that there is a material link in the course of trade between the goods or services in question and the proprietor of the trade mark...

86. Still with regard to adverse effect on the function of indicating origin, it is worthwhile noting that the need for transparency in the display of advertisements on the Internet is emphasised in the EU legislation on electronic commerce. Having regard to the interests of fair trading and consumer protection, referred to in recital 29 in the Preamble to Directive 2000/31, article 6 of that Directive lays down the rule that the natural or legal person on whose behalf a commercial communication which is part of an information society service is made must be clearly identifiable.

87. Although it thus proves to be the case that advertisers on the Internet can, as appropriate, be made liable under rules governing other areas of law, such as the rules on unfair competition, the fact none the less remains that the allegedly unlawful use on the Internet of signs identical with, or similar to, trade marks lends itself to examination from the perspective of trade mark law. Having regard to the essential function of a trade mark, which, in the area of electronic commerce, consists in particular in enabling Internet users browsing the ads displayed in response to a search relating to a specific trade mark to distinguish the goods or services of the proprietor of that mark from those which have a different origin, that proprietor must be entitled to prohibit the display of third-party ads which Internet users may erroneously perceive as emanating from that proprietor.

88. It is for the national court to assess, on a case-by-case basis, whether the facts of the dispute before it indicate adverse effects, or a risk thereof, on the function of indicating origin as described at para 84 of this judgment.”

77. In *Interflora CA*, Kitchin LJ summarised the effect of this and other guidance:

“75...First, the critical question to be answered in such a case is whether the advertisement does not enable normally informed and reasonably observant Internet users, or enables them only with difficulty, to ascertain whether the goods or services referred to in the advertisement originate from the proprietor of the trade mark or an undertaking economically connected to it or, on the contrary, originate from a third party.

76 Second, the trade mark proprietor is entitled to prevent...third party adverts... which such Internet users may erroneously perceive as emanating from that proprietor or which suggest that there is a material link in the course of trade between the goods or services in question and the proprietor.

77 Third, if the advertisement, though not suggesting an economic link, is vague as to the origin of the goods or services in question so that such Internet users are unable to determine, on the basis of the advertising link and the commercial message attaching to it, whether the advertiser is a third party or, on the contrary, is economically linked to the proprietor, then this will have an adverse effect on the origin function of the trade mark.”

Henry Carr J in *Victoria Plum* at paras 49-51 talked of a ‘propensity for confusion’ – naturally in a case about similar trade names. However, in this case as I have

explained, I prefer to keep totally distinct the *Google France* test and s.10(2). Nevertheless, Mr Zweck relies on *Victoria Plum* as an invaluable worked example of application of the *Google France* test to actual facts.

78. *Interflora* itself does not give a factual example, as the Court of Appeal allowed the appeal against Arnold J's judgment but remitted for re-trial. The case concerned an English trade mark dispute between the well-known flower delivery network which typically operates not through its own shops but independent florists; and the 'keyword use' of 'Interflora' by Marks & Spencer to draw customers to its own wholly unconnected flower delivery service. Arnold J in the High Court referred to the CJEU a series of questions seeking to clarify how the *Google France* test might apply to other functions of the trade mark and Art.5(2) (s.10(3) TMA) infringement. The CJEU repeated the *Google France* test for adverse effect on 'origin function' of an identical or confusingly similar keyword and the finding in *Google France* that it did not affect the 'advertising function'. However, the CJEU held it could affect the 'investment function' on a slightly different test and indeed a different test again for 'unfair advantage/detriment', which the CJEU set out in its conclusory rulings:

“1 [Under Art 5(1) Trade Mark Directive and Art.9(1)(a) EU Trade Mark Regulation, Google keyword use] adversely affects the trade mark's function of indicating origin where the advertising displayed on the basis of that keyword does not enable reasonably well-informed and reasonably observant internet users, or enables them only with difficulty, to ascertain whether the goods or services concerned by the advertisement originate from the proprietor of the trade mark or an undertaking economically linked to that proprietor or, on the contrary, originate from a third party. [It] does not adversely affect....the trade mark's advertising function; [but does] adversely affect the trade mark's investment function if it substantially interferes with the proprietor's use of its trade mark to acquire or preserve a reputation capable of attracting consumers and retaining their loyalty.

2 [Art.5(2) Trade Mark Directive and Art.9(1)(c) of the EU Trade Mark Regulation] must be interpreted as meaning that the proprietor of a trade mark with a reputation is entitled to prevent a competitor from advertising on the basis of a keyword corresponding to that trade mark, which the competitor has, without the proprietor's consent, selected in an internet referencing service, where the competitor thereby takes unfair advantage of the distinctive character or repute of the trade mark (free-riding) or where the advertising is detrimental to that distinctive character (dilution) or to that repute (tarnishment). Advertising on the basis of such a keyword is detrimental to the distinctive character of a trade mark with a reputation (dilution) if, for example, it contributes to turning that trade mark into a generic term. By contrast, the proprietor of a trade mark with a reputation is not entitled to prevent, advertisements displayed by competitors on the basis of keywords corresponding to that trade mark, which put forward without offering a mere imitation of the goods or services of the proprietor of that trade mark, without causing dilution or tarnishment and without adversely affecting the functions of the trade mark with a reputation an alternative to the goods or services of the proprietor of that mark.”

Following those answers, Arnold J upheld the claim by *Interflora*, but the Court of Appeal allowed the appeal primarily because Arnold J had wrongly reversed the burden of proof on the *Google France* test.

79. In reaching that conclusion in *Interflora CA*, Kitchin LJ articulated the policy underlying the approach of the CJEU to ‘keyword use’ at paras 98 and 143:

“98 [The CJEU appreciates] that Internet advertising using keywords which are identical to trade marks is not an inherently objectionable practice. On the contrary, its aim is, in general, to offer to Internet users alternatives to the goods or services of trade mark proprietors and it is not the purpose of trade marks to protect their proprietors from fair competition....

143.... But [the CJEU] has also acknowledged that there are features of such advertising which may lead the consumer to mistake the origin of the goods or services so advertised. It has noted too the importance of transparency in the display of advertisements on the Internet. In this context the court has therefore explained the trade mark proprietor must be entitled to prohibit third party advertisements displayed as a result of the use of the mark as a keyword if average Internet users may wrongly perceive that the goods or services so advertised originate from the trade mark proprietor, or which are so vague that such users cannot determine whether they do or not. This of course means that the third party advertiser using a trade mark as a keyword must take care to ensure that his advertisements do enable average Internet users to ascertain whether the goods or services originate from the trade mark proprietor or an unconnected third party. If he fails to do so, he may be found to have infringed the trade mark.”

80. Nevertheless, the *Google France* test poses the question of the identity of the ‘average internet users’. The answer is that they are the *alter ego* of ‘the average consumer’ who is central to trade mark law generally, as stated in the specific context of ‘keyword use’ by Kitchin LJ in *Interflora CA* at paras 125-6 (which I set out with my own underlining which I discuss below):

“125...At the end of the day, the crucial question was whether the advertisements enabled the average consumer to tell that the flower delivery service so covered did not originate from Interflora. The judge suggested that confusion on the part of Internet users who are ill-informed or unobservant must be discounted. Of course it must. But this formulation runs the risk of setting the bar too low and we prefer to put it differently. It is only the effect of the advertisements on Internet users who are reasonably well-informed and reasonably observant that must be taken into account.

126 Considered in this way, we think it makes no difference whether the question is asked and answered from the perspective of the single hypothetical well-informed and reasonably observant Internet user or whether that hypothetical person provides the benchmark or threshold for ...identifying the population of Internet users whose views are material....

128. [T]he average consumer is a hypothetical person and so conceptually different from a ‘substantial proportion’ of the actual public; and second, that the average consumer test is not a statistical test. Neither of these points is remotely controversial. [That consumer is not a mathematical average but], as we have said, a notional person whose presumed expectations are to be taken into account by the national court in assessing the particular question it is called on to decide.

129 As we have seen, the average consumer does not stand alone for it is from the perspective of this person that the court must consider the particular issue it is called on to determine. In deciding a question of infringement of a trade mark,

and determining whether a sign has affected or is liable to affect one of the functions of the mark in a claim under article 5(1)(a) of the Directive... whether there is a likelihood of confusion or association under article 5(1)(b)...or whether there is a link between the mark and the sign under article 5(2) the national court is required to make a qualitative assessment. It follows that it must make that assessment from the perspective of the average consumer and in accordance with the guidance given by the Court of Justice. Of course, the court must ultimately give a binary answer to the question before it, that is to say, in the case of article 5(1)(b) of the Directive, whether or not, as a result of the accused use, there exists a likelihood of confusion on the part of the public. But in light of the foregoing discussion, we do not accept that a finding of infringement is precluded by a finding that many consumers, of whom the average consumer is representative, would not be confused. To the contrary, if, having regard to the perceptions and expectations of the average consumer, the court concludes that a significant proportion of the relevant public is likely to be confused such as to warrant the intervention of the court then we believe it may properly find infringement.”

81. In *Comic Enterprises v 20th Century Fox* [2016] ETMR 22 at para 34, Kitchin LJ added to his analysis in *Interflora* on ‘the average consumer’ more generally:

“(i) the average consumer is a hypothetical person or, as he has been called, a legal construct; he is a person who has been created to strike the right balance between the various competing interests including, on the one hand, the need to protect consumers and, on the other hand, the promotion of free trade in an openly competitive market, and also to provide a standard, defined in EU law, which national courts may then apply;

(ii) the average consumer is not a statistical test; the national court must exercise its own judgment in accordance with the principle of proportionality and the principles explained by the Court of Justice to determine the perceptions of the average consumer in any given case in the light of all the circumstances; the test provides the court with a perspective from which to assess the particular question it has to decide;

(iii) in a case involving ordinary goods and services, the court may be able to put itself in the position of the average consumer without requiring evidence from consumers, still less expert evidence or a consumer survey. In such a case, the judge can make up his or her own mind about the particular issue he or she has to decide in the absence of evidence and using his or her own common sense and experience of the world. A judge may nevertheless decide that it is necessary to have recourse to an expert’s opinion or a survey for the purpose of assisting the court to come to a conclusion as to whether there is a likelihood of deception;

(iv) the issue of a trade mark’s distinctiveness is intimately tied to the scope of the protection to which it is entitled. So, in assessing an allegation of infringement under [art.5\(1\)\(b\)](#) of the Directive arising from the use of a similar sign, the court must take into account the distinctiveness of the trade mark, and there will be a greater likelihood of confusion where the trade mark has a highly distinctive character either per se or as a result of the use which has been made of it. It follows that the court must necessarily have regard to the impact of the accused sign on the proportion of consumers to whom the trade mark is particularly distinctive; and

(v) if, having regard to the perceptions and expectations of the average consumer, the court concludes that a significant proportion of the relevant public is likely to

be confused such as to warrant the intervention of the court then it may properly find infringement.” (again, my underline).

82. Of course, the ‘average consumer’ for branded goods as in *Google France*, flowers as in *Interflora*, bathrooms as in *Victoria Plum* and indeed comedy linked by the sign ‘Glee’ in *20th Century Fox* may have much in common. These are ‘ordinary goods and services’ as Kitchin LJ said in *20th Century Fox*. However, the same is not necessarily true of ‘the average consumer’ of the Claimant’s and Defendants’ services. Realistically, only accountants would be interested and it would distort the operation of the ‘average consumer’ to include the general public. Instead, I will focus on accountants as ‘the relevant public’ as Lord Kitchin put it in *Interflora CA* and *20th Century Fox*, being ‘the population of Internet users whose views are material’ and ‘to whom the trade mark ‘Advance Track’ is particularly distinctive’ (as underlined). Given the variety of firm sizes ‘the average accountant’ as I shall call them would be as Mr Smith puts it: ‘a senior partner/director or finance director in an accountancy practice or senior executive looking to outsource accountancy functions’. No-one suggested expert evidence: I have evidence from Mr Sheth and Mr Husain.
83. Turning to this case, as I have said, there is no issue about the Defendant’s use of a sign (the keyword ‘Advancetrack’) in the course of trade, without the consent of the Claimant, in relation to identical services for which its trade mark ‘Advance Track’ is registered (i.e. services for accountants) and Mr Zweck did not press the s.10(3) TMA ‘unfair advantage/detriment’ point on ‘keyword use’ and only relies on ‘origin function’ of the trade mark. The three sub-issues are:
- i) Whether the Defendant’s keyword ‘Advancetrack’ (or ‘advancetrack’) is ‘identical’ to the Claimant’s trade mark ‘Advance Track’ for s.10(1);
 - ii) If not, whether the(se) keyword(s) are ‘confusingly similar’ to that trade mark for the purposes of s.10(2) TMA.
 - iii) Either way, whether that use was liable to have an adverse effect on the origin function of that trade mark on the *Google France* test.
84. On the first sub issue of ‘identity’ within s.10(1) TMA, the test was set out in *LTJ Diffusion v Sadas* [2003] E.T.M.R. 83 by the ECJ (as it was) para 54:
- “A sign is identical with [a] 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.”
- Whilst Jacob LJ in *Reed* at para 25 robustly described this as ‘opaque’, as Lewison J (as he was) said in *IBM v Web-Sphere* [2004] EMTR 94 at para 32, Jacob LJ in *Reed* ‘went on to illuminate its opacity’, as Jacob LJ had added:
- “27 As a matter of policy there is no reason to suppose that the Court meant to soften the edges of ‘strict identity’ very far. For even if a sign and mark are not ‘identical’ for the purposes of Art.5.1(a) if there is a likelihood of confusion it will be caught by Art.5.1(b)....
29. The Advocate General’s opinion [in *LTJ*] is also helpful in indicating the sort of difference which would be so minute as to leave the mark and sign “identical” and that which would not. He said, at para.[50]: “I suggest that the reproduction of [the plaintiffs’] mark in the same distinctive script but without the dot under

the initial ‘A’ might well have been perceived by the average consumer as identical to the original (the change being minute and wholly insignificant) whereas the use of a noticeably different script and/or the addition of another name might be seen as only similar (such changes, at least taken together, being substantial).”

30 This approach also makes sense if one considers the registered trade mark system as a whole. To be registrable a mark must have a “distinctive character” (see Art.3(1)(b)), a matter which depends partly on the nature of the mark itself and partly on whether it has in fact acquired such a character (see Art.3(3)). So the registration authorities...must have regard to the nature of the mark applied for. In the case of a device mark consisting of a word written out in some special way that will include its visual impact. It would make no sense if, once such a mark were registered, a visually different but identical word device mark were treated as identical....

32 [If] an...accused sign...has some visual significance, one must take that into account in considering the question of identity. The visual impact may be slight, but it will count even if the marks are identical to the ear. You can only have “identity” if there is both aural and visual identity.

33 What is to be compared with the registered mark for the purposes of Art.5.1(a)? It is the defendant’s “sign”. So this must be identified first. In many cases this is easy [but that]...does not mean that one can overlook the preliminary question. There may be other cases where some difficulty is posed, particularly where descriptive or semi-descriptive words are added to what is obviously a word mark.”

85. However, like the proverbial elephant, whether a sign is ‘identical’ to a mark on the *LTJ* test is easier to recognise in a specific case than describe in the abstract. This explains why the Advocate-General in *LTJ* gave a concrete example - and others are afforded in the authorities. In *Reed* itself, Jacobs LJ said:

“38 So is ‘Reed Business Information’ identical to ‘Reed’ ? I think not. ‘Reed’ is a common surname. The average consumer would recognise the additional words as serving to differentiate the defendant from Reeds in general - this one calls itself ‘Reed Business Information’ because it supplies information to businesses in some unspecified way or ways.

39 Putting it another way, I do not think the additional words ‘Business Information’ would ‘go unnoticed by the average consumer’. In all uses of the phrase complained of they are as prominent as the word ‘Reed’.”

A case the other side of the line was ‘*Web-Sphere*’, which was held to be identical to the mark ‘*WEBSHERE*’, as Lewison J explained at paras 52-4:

“The only difference between the mark and the sign is the hyphen in the sign. There is not therefore complete identity. But in the light of the guidance given by the ECJ, the question is whether the existence of the hyphen in the sign is so insignificant that it would go unnoticed by the average consumer. Take first the aural assessment. Plainly ‘*WEBSHERE*’ and ‘*Web-Sphere*’ sound exactly the same. Take next the visual assessment. If the careful consumer placed the mark and the sign side by side, he would notice the presence of the hyphen in the sign. But the notional consumer does not do that. He has to rely on his imperfect memory. Even the users of the mark and the sign themselves made mistakes in

this respect. On Web-Sphere’s side, the handout included ‘You and your customers can save £Thousand\$ on WebSphereWeb Applications’.’”

86. *Bergspechte* (to which I was not referred, but which was quoted in *Interflora CA* to which I was) offers examples in the ‘keyword’ context both sides of that line. The proprietor’s figurative mark stated ‘BERGSPECHTE’ in large type with small type underneath including ‘Edi Kobimuller’. The advertiser used ‘Bergspechte’ and ‘Edi Kobimuller’ as keywords and the CJEU having stated the *LTJ* test, unusually gave a strong steer to the national court on the result:

“25...[T]he sign ‘Edi Koblmüller’, which reproduces only a small part of the BergSpechte trade mark, cannot be considered to be identical with that trade mark. A sign is identical with a trade mark only 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 (*LTJ*...)”

26 It is, however, for the national court to assess whether the sign ‘Edi Koblmüller’ is similar to the BergSpechte trade mark.

27 With regard to the sign ‘Bergspechte’, it is not disputed that it does not reproduce all the elements constituting the trade mark either. It could, however, be regarded as containing differences so insignificant that they may go unnoticed by an average consumer..[That] is for the national court...

28 Should that court hold that the sign ‘Bergspechte’ is not identical with the trade mark ‘BergSpechte’, it would appear appropriate, subject to verification by the national court to hold that sign similar to the trade mark.”

87. In this case, the Defendant’s ‘keyword sign’ is unquestionably ‘Advancetrack’ / ‘AdvanceTrack’, which falls to be compared with the Claimant’s trade mark ‘ADVANCE TRACK’ (or ‘Advance Track’, its capitalisation not being suggested by the Defendant to be determinative). This case is plainly much closer to *Web-Sphere* than to either *Reed* or *Bergspechte*. Of course, ‘similarity’ – especially to other cases – is not the test. However, the reasons which led Lewison J in *Web-Sphere* in that Internet context to conclude ‘Web-Sphere’ was ‘identical’ to ‘WEBSPHERE’ were its aural identity (which applies to ‘AdvanceTrack’ and ‘ADVANCE TRACK’) and the fact the visual difference of the hyphen was only noticeable on side-by-side comparison. The same is true of the space in ‘Advancetrack’ compared with ‘ADVANCE TRACK’ / ‘Advance Track’. Moreover, whilst it was the defendant in *Web-Sphere* who ignored its own ‘differentiating’ hyphen in marketing, here the Claimant often used ‘advancetrack’ as one word, of which ‘the average accountant’ would be aware (just as Mr Husain was). Therefore, the absence of a space in the sign as compared to the formal trade mark would in my judgement go unnoticed even by as perspicacious a consumer as ‘the average accountant’. For all those reasons I find the keyword sign and the mark are ‘identical’ under s.10(1) TMA.

88. In case I am wrong on ‘identity’ under s.10(1) TMA of the Defendant’s sign ‘Advancetrack’ which the Claimant’s mark ‘Advance Track’, I move onto the second sub-issue in the alternative of ‘confusing similarity’ under s.10(2) TMA. Whilst I will need to go into the law on ‘confusing similarity’ in more detail in the next section considering the ‘Ad Text issue’, I can deal with it very briefly here. This is partly because it is an alternative finding to s.10(1) TMA and partly because it is so obvious a case of ‘confusing similiarity’ under s.10(2) TMA. Indeed, when one remembers

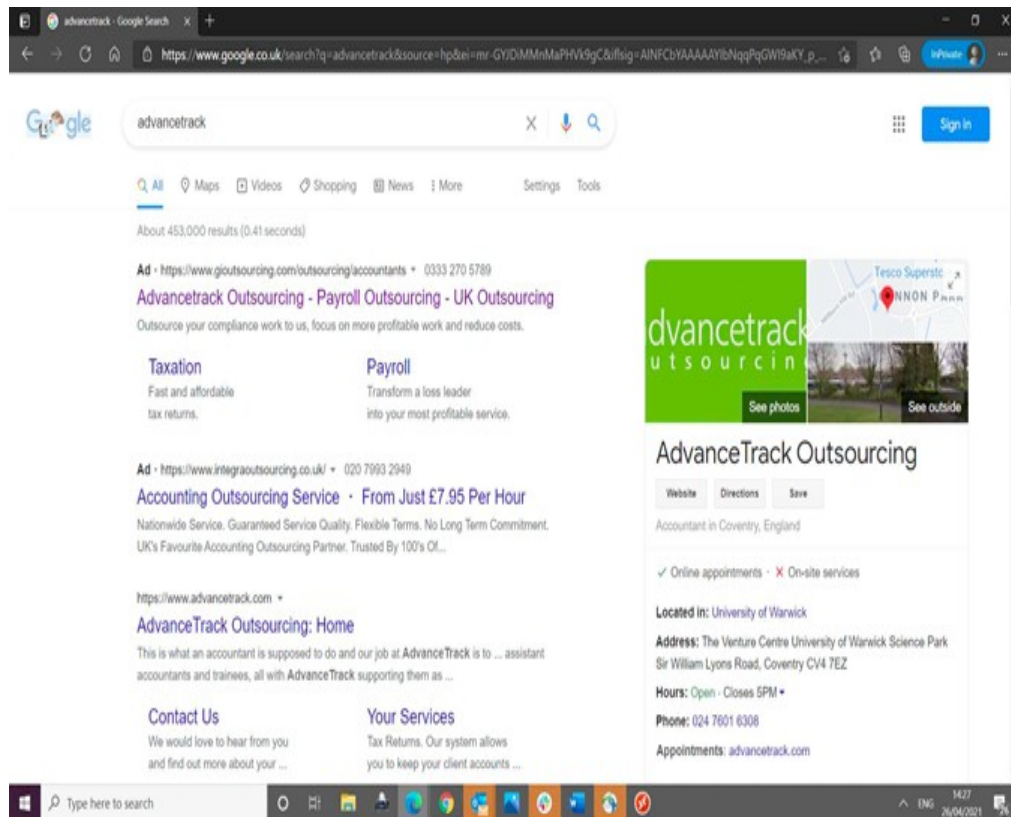
that the CJEU in *Bergspechte* steered the national court firmly that the ‘keyword sign’ ‘Bergspechte’ if not ‘identical’ to the figurative mark ‘Bergspechte’ with additional text was ‘similar’ to it, the same is even more true of the ‘confusing similarity’ between the Defendant’s keyword sign ‘Advancetrack’ and the Claimant’s trade mark ‘Advance Track’.

89. However, just because that ‘keyword sign’ is ‘confusingly similar’ to the trade mark under s.10(2) TMA, that does not mean the *Google France* test is met. It may be a ‘watered-down’ version in some ways as *Kerly* puts it, or ‘lowering the bar’ as Mr Zweck puts it, but as I have explained, not only that threshold, but also its ‘target’ (the advert, not the sign) and the ‘scope’ (enabling consumers to identify origin) is different. I repeat the *Google France* test:

“...[T]he proprietor of a trade mark is entitled to prohibit an advertiser from advertising, on the basis of a keyword identical with that trade mark which that advertiser has, without the consent of the proprietor, selected in connection with an internet referencing service, goods or services identical with those for which that mark is registered...where that advertisement does not enable an average internet user, or enables that user only with difficulty, to ascertain whether the goods or services referred to therein originate from the proprietor of the trade mark or an undertaking economically connected to it or, on the contrary, originate from a third party.”

I bear in mind the guidance I have quoted above from the Grand Chamber in *Google France* and its summary by Kitchin LJ in *Interflora CA* also quoted.

90. I particularly remind myself the CJEU in *Google France* at para 83 said it ‘depends in particular on the manner in which that ad is presented’. So, I agree with Mr Smith I should take into account how the advert generated by the keyword would have appeared to ‘the average accountant’ shown by this image:



91. Different features of this ‘presentation’ pull in different directions. In favour of the Defendant, as Mr Smith submitted, the link to the Claimant’s site prominently titled ‘AdvanceTrack Outsourcing’ not only appears as the third entry on the page (and there is no need to scroll down to see it) and the word ‘AdvanceTrack’ appears three times in the Claimant’s advert (not including the domain name in the hyperlink), compared to once in the Defendant’s advert. Moreover, its details appear prominently on the right-hand side of the page, so the Claimant overall has far more ‘exposure’ on the whole page than the Defendant. In favour of the Claimant, the Defendant’s advert appears at the top and starts prominently with ‘Advancetrack’, as the first entry to which the eye is drawn under the search bar recording the search term ‘advancetrack’. Moreover, the appearance of the second advertiser entry ‘Accounting Outsourcing Service’ for Integra if anything served to obscure that the first entry was not ‘Advance Track’ but ‘GI Outsourcing’, which only appeared in the advert in small writing in the domain name hyperlink and could be easily missed. On a cursory glance, even ‘the average accountant’ might assume that ‘Advance Track’ appeared twice, once as an advert and again further down as a search result, as both started with ‘Advance(T)track’, albeit then different wording. Moreover, just as Henry Carr J noted in *Victoria Plum* in finding the *Google France* test met (bearing in mind it does not require the identical/confusingly similar keyword to appear in the advert), there is nothing in the Defendant’s advert (save the domain name) to indicate there is no connection to the Claimant.
92. If the Defendant’s advert had not included the word ‘Advancetrack’, the *Google France* test would be borderline. On balance, notwithstanding those points made for the Defendant, I would have probably found that a search for ‘Advancetrack’ generating the Defendant’s advert even without that word in it would only have enabled with difficulty even ‘the average accountant’ (or a significant proportion of

accountants even if many could have done - to apply the approach endorsed in *Interflora CA*) to ‘ascertain whether the services referred to originated from the Claimant or a business connected to it or from a third party’, especially as the advert does not suggest it was not connected to the Claimant. Therefore, even without the word ‘Advancetrack’ in the Defendant’s advert, on a fine balance I probably would still have found there to have been infringement under s.10(1) or s.10(2) TMA, applying the *Google France* test.

93. However, the position is not borderline. Despite the Claimant’s greater ‘screen share’ overall, the word ‘Advancetrack’ prominently in the headline to the Defendant’s advert would plainly not have enabled the average accountant (or only with difficulty) to ascertain whether services advertised originated from the Claimant (or a connected business) as opposed to a third party. Indeed, the word ‘Advancetrack’ in the Defendant’s advert (with its established reputation linked to the Claimant of which ‘the average accountant’ would have been aware as I have found) means that many accountants would not have been able to discern the origin of the Defendant’s advert as unconnected. This is not just personified hypothetically by ‘the average accountant’ but in the flesh and blood accountant client who in April 2021 told Mr Sheth they had difficulty in finding the Claimant’s website. Moreover, with the even more confusing adverts from the Defendant referring to other competitors like QX and Integra as well as Advancetrack, it would have been even more difficult for ‘the average accountant’ to ascertain the origin of the Defendant’s adverts. For those reasons, I find the Defendant did indeed infringe the Claimant’s trade mark by its ‘keyword use’ of ‘Advancetrack’ (and adverts) under ss.10(1) and (2) TMA.
94. I should add finally on ‘Keyword Use’ that Mr Zweck was right not to press s.10(3) TMA which on balance I would not have found infringed on this issue. Whilst as in *Argos*, the Defendant’s keyword ‘Advancetrack’ and appearance of the advert would have created a ‘link’ to the Claimant, the test for s.10(3) TMA ‘keyword infringement’ in *Interflora CJEU* is significantly different than the *Google France* test applying to keyword use within ss.10(1) and (2) TMA. Given the confusion and impact on the Defendant’s own reputation (as I find evidenced in part by its disastrous accounts for 2021-22), it is difficult to see any ‘advantage’ gleaned at all from the keyword use, let alone an ‘unfair one’. However, whilst the Claimant’s trade mark ‘ADVANCE TRACK’ was not the most distinctive mark, it would inevitably have been ‘diluted’ further by the Defendant’s adverts which rolled it together with other brands. I would also find some ‘tarnishment’ and detriment to the mark’s reputation by the Defendant’s use of it in its own adverts with diversion of work away to other competitors. However, all that stemmed from ‘Advancetrack’s inclusion in the adverts, not its use as a *keyword* and so is better analysed under the next heading. This clumsy inclusion makes this case rather different from the sort of ‘unfair advantage’ from ‘invisible keyword use’ discussed by the CJEU in *Interflora*. So, I would not have found s.10(3) TMA infringed, but that is academic anyway.

Ad Text Use

95. In the light of finding infringement of ss.10(1) and 10(2) TMA on ‘keyword use’, I take ‘Ad Text use’ more briefly. For similar reasons as discussed under the previous issue and by analogy, the five sub-issues in this issue are as follows:
- i) What was the Defendant’s ‘sign’ with its Ad Text use ?

- ii) Was this sign ‘identical’ to the mark ADVANCE TRACK for s.10(1) ?
- iii) If not, was this sign ‘confusingly similar’ to the trade mark ADVANCE TRACK for the purposes of s.10(2) TMA ?
- iv) If not, did the Defendant’s sign cause unfair advantage to it or detriment to distinctiveness of the Claimant’s trade mark ‘ADVANCE TRACK’ or the Claimant’s reputation without due cause under s.10(3) TMA ?
- v) In any event, was the Defendant’s use of its sign liable to have an adverse effect on the origin function of the Claimant’s trade mark ?

96. On the first sub-issue, the adverts generated by the Defendant’s keywords which did not include ‘Advancetrack’, following *Bergspechte* could theoretically infringe within the ‘keyword issue’, but would not infringe within the Ad Text issue. However, a typical example of Ad Text including ‘Advancetrack’ was:

“Advancetrack Outsourcing – Payroll Outsourcing – UK Outsourcing. Outsource your compliance work to us, focus on more profitable work and reduce costs.”

However, another example simply stated: ‘Advancetrack – Outsourcing for Accountants’ with similar (but more detailed) descriptive text underneath. As noted above, in *Reed* at para 33, Jacob LJ stressed that the first stage was to identify the ‘sign’ being ‘used’ and he went on to say at paras 34-37:

“34...[In *BMW*] v *Deenik* [1999] E.T.M.R. 339, the expressions complained of were “BMW specialist,” and “Repairs and maintenance of BMWs”. The Court proceeded on the basis that this was an Art.5(1)(a) case of identical marks and goods. It did not explicitly first identify the sign used by the defendant. But it was obvious what it was: just *BMW*. The other words in context were wholly devoid of any trade mark significance....

35 In the present case it is accepted by [the Claimant] (rightly I think) that the defendants’ signs are the two logos, the composite words “Reed Elsevier” and the composite words “Reed Business Information” with or without the word “Ltd.”. It is each of those signs which must be compared with the mark consisting of the word “Reed” when considering...identity...

37 It was over ‘Reed Business Information’ that battle was joined. The composite is not the same as, for instance, use of the word ‘Reed’ in the sentence: ‘Get business information from Reed’. In the latter case the only ‘trade-marky’ bit would be ‘Reed’. In the former, the name as a whole is “Reed Business Information.” The use of capital letters is of some visual significance—it conveys to the average user that “Business Information” is part of the name. If the added words had been wholly and specifically descriptive—really adding nothing at all (e.g. ‘Palmolive Soap’ compared with ‘Palmolive’) the position might have been different. But ‘Business Information’ is not so descriptive—it is too general for that.”

97. In this case, in the example of ‘Advancetrack – Outsourcing for Accountants’ etc, the only ‘trade-marky bit’, as Jacob LJ put it in *Reed*, was ‘Advancetrack’ – everything else was purely descriptive as in *BMW*. In the example starting ‘Advancetrack Outsourcing – Payroll Outsourcing – UK Outsourcing’, the text not underlined is also purely descriptive as in *BMW* and the word ‘outsourcing’ alone would have been descriptive (as would have been ‘business information’ alone in *Reed*). However, the capitalised composite phrase ‘Advancetrack Outsourcing’, like ‘Reed Business

Information’ in *Reed*, together constitutes the apparent name and so the ‘sign’. I will consider both these versions of ‘Ad Text’ (which will suffice without consideration of the other iterations including ‘Advancetrack’ in the headline, which are the arguable Ad Text infringements).

98. Turning to ‘identity’ on the principles already discussed above stemming from *LTJ*, *Reed*, *Web-Sphere* and *Bergspechte*, in my judgement the Ad Text sign ‘Advancetrack’ is ‘identical’ under s.10(1) TMA to ‘ADVANCE TRACK’, even assessed in its context of the rest of the text of the advert (not present in the ‘keyword use’ issue). This is not least because of the admitted identity of the services being advertised with those of the Claimant, namely outsourcing accountancy services. There is no suggestion that the whole of the rest of the text as well as the ‘sign’ must be identical. However, the sign ‘Advancetrack Outsourcing’ in the Defendant’s other adverts in my judgement is no longer ‘identical’ to ‘ADVANCE TRACK’, as the ‘average accountant’ would notice a difference, even if they would not necessarily attribute them to an unconnected organisation (which echoes the *Google France* test, not the *LTJ* test).
99. Nevertheless, in case I am wrong about the sign ‘Advancetrack’ alone, I turn to ‘confusing similarity’ under s.10(2) TMA. Largely for reasons already given, I find the Defendant’s use of the sign ‘Advancetrack’ alone was ‘confusingly similar’ under s.10(2) TMA to the Claimant’s mark ‘ADVANCE TRACK’. However, its sign ‘Advancetrack Outsourcing’ is more complex and requires consideration of the test of ‘confusing similarity’ under s.10(2) TMA. Whilst Mr Zweck referred me to *Maier* on the contemporary approach, I raised with both Counsel the very recent case of *Match v Muzmatch* [2023] FSR 18 (CA), as the latest iteration of the Court of Appeal’s guidance on ‘confusing similarity’ under s.10(2) TMA (involving Art.10.2(b) Recast Directive, not now Art.5(1)(b) TMDir). Arnold LJ (as he now is) said:
- “27. The manner in which the requirement of a likelihood of confusion in... Article 10(2)(b) of [the Recast Directive]... and the corresponding provisions concerning relative grounds of objection to registration in the Directive and the Regulation, should be interpreted and applied has been considered by the Court of Justice of the European Union in a large number of decisions. In order to try to ensure consistency of decision making, a standard summary of the principles established by these authorities, expressed in terms referable to the registration context, has been adopted in this jurisdiction. The current version of this summary (see e.g. *Sazerac Brands LLC v Liverpool Gin Distillery Ltd* [2021] EWCA Civ 1207, [2021] ETMR 5 at [8]) is as follows:
- “(a) the likelihood of confusion must be appreciated globally, taking account of all relevant factors;
- (b) the matter must be judged through the eyes of the average consumer of the goods or services in question, who is deemed to be reasonably well informed and reasonably circumspect and observant, but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind, and whose attention varies according to the category of goods or services in question;
- (c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details;

- (d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components, but it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements;
- (e) nevertheless, the overall impression conveyed to the public by a composite trade mark may, in certain circumstances, be dominated by one or more of its components;
- (f) and beyond the usual case, where the overall impression created by a mark depends heavily on the dominant features of the mark, it is quite possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element of that mark;
- (g) a lesser degree of similarity between the goods or services may be offset by a greater degree of similarity between the marks, and vice versa;
- (h) there is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either per se or because of the use that has been made of it;
- (i) mere association, in the strict sense that the later mark brings the earlier mark to mind, is not sufficient;
- (j) the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense; and
- (k) if the association between the marks creates a risk that the public might believe that the respective goods or services come from the same or economically-linked undertakings, there is a likelihood of confusion.”

28. The same principles are applicable when considering infringement, although it is necessary for this purpose to consider the actual use of the sign complained of in the context in which the sign has been used: see *Specsavers International Healthcare Ltd v Asda Stores Ltd* [2012] FSR 19 at [45], [87] (Kitchin LJ, as he then was).

29. It is well established that there are two main kinds of confusion which trade mark law aims to protect a trade mark proprietor against. The first, often described as ‘direct confusion’, is where consumers mistake the sign complained of for the trade mark. The second, often described as ‘indirect confusion’, is where the consumers do not mistake the sign for the trade mark, but believe that goods or services denoted by the sign come from the same undertaking as goods or services denoted by the trade mark or from an undertaking which is economically linked to the undertaking responsible for goods or services denoted by the trade mark. I discussed the distinction between the two in *Sazerac v Liverpool Gin* at [10]-[14].

30. The judge set out the applicable legal principles at [79]-[80]. He cited the earlier version of the standard summary set out in *Specsavers v Asda* at [52]. That will potentially have been to the Defendants’ advantage, because paragraph (k) of that version referred to there being a likelihood of confusion “if the association between the marks causes the public to wrongly believe that the respective goods [or services] come from the same or economically-linked undertakings”, whereas the version set out above correctly reflects the jurisprudence of the CJEU that it is sufficient “if there is a risk that the public might believe that the respective goods or services come from the same or economically-linked undertakings”: see in particular Case C-39/97 *Canon KK v Metro-Goldwyn Mayer Inc* [1998] ECR I-5507 at [29]. This is a

point repeatedly noted by Kitchin LJ in his later judgments in *IPC Media Ltd v Media 10 Ltd* [2014] EWCA Civ 1439, [2015] FSR 12 at [39], *Maier v Asos plc* [2015] EWCA Civ 220, [2016] Bus LR 1063 at [76] and *Comic Enterprises Ltd v Twentieth Century Fox Film Corp* [2016] EWCA Civ 41, [2016] FSR 30 at [32]. In future, decision makers should be careful to use the correct version of the summary.”

100. I now turn to applying those principles to the two different ‘signs’ under analysis in the ‘Ad Text issue’: ‘Advancetrack’ and ‘Advancetrack Outsourcing’ in the context of their respective adverts and search appearance above (*Specsavers*):

- i) ‘Advancetrack’ was plainly ‘confusingly similar’ even in its context and even to an intelligent and alert viewer such as ‘the average accountant’ looking carefully for the right service for their business. Even calibrating their attention highly, points (a), (b) and (c) in particular emphasise ‘the average accountant’ is well-informed, circumspect and observant and has the chance to make some global comparison on presentation on the search results, although in those the Claimant’s mark also appeared without a space and they would normally perceive the sign as a whole. This would be an instance of ‘direct confusion’ explained in *Muzmatch*.
- ii) ‘Advancetrack Outsourcing’ was in my judgement also confusingly similar. I accept ‘Advance Track’ itself is not highly distinctive (so point (h) is not engaged) and does not include ‘outsourcing’ in the mark (which is plainly noticeable to ‘the average accountant’ on a global comparison (points (a), (b) and (c))) and that mere association, even with the Claimant’s reputation, is not enough (points (i) and (j)). However, outsourcing is the main and most-well established service of the Claimant and very similar to the Defendant’s service, so that similarity offsets that difference (point (h)) and this association creates a risk that the public might believe that the respective services come from the same or economically-linked undertakings (point k) so on that ground and on balance on global assessment (point (a)) there is likelihood of confusion. This would be an instance of ‘indirect confusion’ explained in *Muzmatch*
- iii) For good measure, under the same principle, the most confusing ‘sign’ in the Defendant’s various adverts: ‘Advancetrack – QX Outsourcing – Gioutsourcing’, in my judgement would also be ‘confusingly similar’ to ‘Advance Track’. It appears to be a representation that all of these brands derived from the same undertaking, probably the Claimant as it started with ‘Advancetrack’. Again, this would be ‘indirect confusion’.

101. I now turn to s.10(3) TMA, which again I consider in more detail than under the ‘Keyword Issue’. I will set out this complex provision again for convenience:

“A person infringes a registered trade mark if he uses in the course of trade, in relation to goods or services, a sign which is (a) identical with or similar to the trade mark, (b)...where the trade mark has a reputation in the United Kingdom and the use of the sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.”

It follows from my findings already that the Defendant used in the course of trade in advertising in relation to its services the signs ‘Advancetrack’ and ‘Advancetrack

Outsourcing’ which were similar to the Claimant’s trade mark (even if not ‘confusingly so’). I have also already found the Claimant’s mark had a reputation in the UK with ‘the average accountant’. Therefore, the remaining questions are as Kitchin LJ summarised in *Interflora CA* at para 68, whether the Defendant’s use of either of those signs ‘(vii) gave rise to a link between the sign and the trade mark in the mind of the average accountant; (viii) gave rise to one of three types of injury: (a) detriment to the distinctive character of the trade mark, (b) detriment to the repute of the trade mark, or (c) unfair advantage being taken of the distinctive character or repute of the trade mark; and (ix) it must be without due cause’. It follows from my findings that the inclusion of the ‘Advancetrack’-related signs in the Defendant’s adverts was inadvertent and wholly ineffective if not disastrous and there was no ‘due cause’ but also no ‘advantage’ to the Defendant, let alone an ‘unfair’ one – so I need not address the detailed guidance in *Bellure* and *Argos* on that issue. Likewise, I have already found ‘Advance Track’ was not a highly ‘distinctive’ mark, yet it could still be ‘diluted’. So, the questions are whether there was a ‘link’ and whether there was ‘detriment’ to the reputation of the mark ‘Advance Track’.

102. The requirement of a ‘link’ was discussed in *Intel v CPM* [2009] Bus LR 1079 (a reference from Jacob LJ in *Intel CA*, which I quoted at the start of this judgment) where the CJEU described the concept of a ‘link’ at paras 30-31:

“The types of injury referred to..are the consequence of a certain degree of similarity between the earlier and later marks, by virtue of which the relevant section of the public makes a connection between those two marks, that is to say, establishes a link between them even though it does not confuse them...In the absence of such a link in the mind of the public, the use of the later mark is not likely to take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier mark.”

As Floyd LJ explained in *Argos* at paras 82-3, it is sufficient for such a ‘link’ that the sign will call the trade mark to the mind of the average consumer even if they are not confused. However, that is not the only way of establishing the link – in a keyword case, where the consumer does not see the ‘sign’, the ‘link’ is established by the keyword directing the consumer to the advertiser’s advert alongside the proprietor’s. In this case, there was such a link at both stages – both at the ‘Keyword Use’ stage (as noted above) and at the ‘Ad Text’ stage where the use of the sign ‘Advancetrack’ – even if I am wrong to find it ‘identical’ or ‘confusingly similar’, it unquestionably would have called the Claimant’s mark ‘ADVANCE TRACK’ to the mind of the average accountant.

103. As I have discussed above under ‘Keyword Use’ I do not find any ‘unfair advantage’ to the Defendant and I have mentioned a little ‘dilution’ of such distinctiveness as the Claimant’s mark ‘ADVANCE TRACK’ had. But the real issue here is ‘tarnishment’ – i.e. detriment to its reputation. ‘Detriment’ was discussed by Kitchin LJ again in *20th Century Fox* in detail at paras 108-123, all of which I bear in mind. He noted there the CJEU said in *Bellure* at para 40:

“As regards detriment to the repute of the mark, also referred to as ‘tarnishment’ or ‘degradation’, such detriment is caused when the goods or services for which the...similar sign is used by the third party may be perceived by the public in such a way the trade mark’s power of attraction is reduced. The likelihood of such detriment may arise in particular from the fact...goods or services offered by

the third party possess a characteristic or a quality liable to have a negative impact on the image of the mark.”

104. In my view, this case is a classic example of ‘tarnishment’ as a distinct ‘injury’ (albeit with a little ‘dilution’ too). The Claimant’s mark ‘ADVANCE TRACK’ may not have been hugely distinctive, but it had an established reputation with ‘the average accountant’. The Defendant by effectively choosing it as a keyword tried to ‘free-ride’ on that. However, because ‘Advancetrack’ inadvertently found its way into its advert itself, the Defendant gained no ‘advantage’ (indeed suffered some disadvantage). Instead, the confusing and at times absurd way in which the sign ‘Advancetrack’ appeared in the Defendant’s adverts ‘diluted’ such distinctiveness as there was of the Claimant’s mark in the mind of the average accountant. However, more seriously, since that average accountant is sophisticated and values trust in seeking out commercial relationships, the Defendant’s adverts also ‘tarnished’ the reputation of the Claimant’s mark for trust and reliability, diverting custom elsewhere at the busiest time of the year. The *extent* to which it did so is a matter for quantum which I return to below.
105. However, that does not mean there is ‘infringement’, since the last sub-issue is whether the use is liable to have an adverse effect on the origin function of the Claimant’s trade-mark (as I said, no reliance is placed on its other functions):
- i) On s.10(1) TMA whilst there is ‘identity’ between the Claimant’s mark ‘ADVANCE TRACK’ and the Defendant’s sign ‘Advancetrack’ in the Ad Text (we are no longer concerned with ‘keyword use’), there is no infringement unless use is liable to adversely affect its origin function: *Arsenal*. As I have explained, the *Google France* test was developed for the specific context of ‘keywords’ and does not require their appearance in the ‘Ad Text’. However, applying the *Google France* test by analogy but conscious that this time the ‘use’ is the adverts themselves and there is no requirement for ‘confusing similarity’ which is addressed by s.10(2) TMA, for the reasons detailed above the Defendant’s use of a sign identical to the Claimant’s mark prominently in its own adverts was bound (not just liable) to have an adverse effect on the mark’s ‘origin function’ (quite aside from the mark’s ‘reputation’ which is the issue with s.10(3) TMA). It may not have been a ‘full frontal assault on the origin function’ as Mr Zweck put it, because I have found the use was inadvertent. However, to borrow another military analogy, there was plainly real ‘collateral damage’ to the mark’s origin function.
 - ii) On s.10(2) TMA, I have found there was ‘confusing similarity’ between the Claimant’s mark ‘ADVANCE TRACK’ and the Defendant’s signs in its Ad Text ‘Advancetrack’ and ‘Advancetrack Outsourcing’ (and ‘Advancetrack – QX Outsourcing – Gioutsourcing’). As discussed, the CJEU in *Bergspechte* when addressing ‘keyword use’ applied the *Google France* test on ‘adverse effect on origin function’ to ‘confusing similarity’ under Art.5.1(b) TMDir. However, despite citing *Bergspechte*, in *Interflora CA* at para 68, Kitchin LJ’s summary of the elements of Art.5.1(b) TMDir did not include ‘adverse effect on trade mark function’. However, the reason is straightforward. In ‘identical keyword’ cases like *Google France* itself, ‘adverse affect’ definitely ‘ads something’: striking the balance Kitchin LJ summarised at paras. 98 and 143

of *Interflora* CA between protection of the trade mark and permission of fair competition. The same is true in ‘confusingly similar keyword’ cases where the sign need not appear in the advert, such as *Bergspechte*. However, in the more usual situation where the ‘sign’ is visible to ‘the average consumer’ as it was to the ‘average accountant’ in the Defendant’s ‘Ad Text’, use of a sign which is ‘confusingly similar’ to another’s trade mark in itself is liable to affect the origin function – it is inherent (or at the very least, readily inferable). That does not mean that there need be no adverse effect on the origin function, it simply means it will (at least tend to) follow from ‘*confusing* similarity’. In any event, even if I am wrong about that, again applying the *Google France* test for ‘keyword use’ by analogy to ‘Ad Text use’, again for the reasons detailed above, due to the ‘confusing similarity’ between the Claimant’s mark ‘ADVANCE TRACK’ and the Defendant’s signs ‘Advancetrack’ and ‘Advancetrack Outsourcing’ (and potentially others, including ‘Advancetrack’ as I have said), ‘the average accountant’ would have had difficulty ascertaining whether the services the Defendant offered originated from the Claimant or a connected undertaking on one hand, or an unconnected third party on the other.

- iii) On s.10(3) TMA, again ‘adverse effect on the origin function of the mark’ is not explicitly referred to in Kitchin LJ’s summary of Art.5(2) TMDir in *Interflora* CA para 69. However, it is plainly implicit in a finding of detriment to the reputation (or distinctiveness) of that mark (and indeed unfair advantage from use as well). Again, the CJEU in *Interflora* in its slightly different test from *Google France* for ‘adverse effect’ from unfair advantage/detriment under Art.5(2) TMDir said that if there is actual ‘tarnishment’ of the mark’s reputation (as I have found) – or indeed, actual ‘dilution’ of its ‘distinctiveness’ or actual unfair advantage by ‘free-riding’ – then there will be an adverse effect on the origin function. It is inherent in the ‘unfair advantage / detriment’ test. Having found ‘tarnishment’ here for the reasons given, it is established.

Therefore, in respect of the Defendant’s Ad Text sign ‘Advancetrack’ which is ‘identical to’ and/or ‘confusingly similar to’ and/or ‘detrimental to reputation of’ the Claimant’s mark ‘ADVANCE TRACK’, there was infringement under s.10(1), s.10(2) and s.10(3) TMA. In relation to the Defendant’s Ad Text sign ‘Advancetrack Outsourcing’ (and potentially others, see below), there was infringement of s.10(2) and s.10(3) TMA only.

Domestic Statutory Interpretation

106. As I explained above, it is common ground (and correct) that Brexit has made no difference to the legal position in this case. This is not because the facts and issue of proceedings pre-dated it, as was the case in *Muzmatch*. Rather, as also explained above, it is because s.10 TMA has not been amended since Brexit took legal effect on 31st December 2020. Therefore, the current effect of s.5(2) European Union Withdrawal Act 2018 (as amended) (‘EUWA’) is the principle of EU Law Supremacy (including indirect effect) still applies and s.6(3) states:

“Any question as to the validity, meaning or effect of any retained EU law is to be decided, so far as that law is unmodified on or after [31st December 2020] and so far as they are relevant to it— (a) in accordance with any retained case law and

any retained general principles of EU law, and (b) having regard (among other things) to the limits, immediately before [31st December 2020] of EU competences.”

There is no issue on the extent of EU competencies (given trade mark law has fallen within them for many years). Moreover, the TMA has not been amended since 2019, the Recast Directive dates from 2015 and almost all case-law I have cited was decided before the end of 2020 (save *Muzmatch* and a couple of other authorities on which nothing turns in this case). Therefore, I have applied all the ‘retained case-law’ - both domestic and from the CJEU - and the principle of ‘Indirect Effect’. This usual approach to interpreting the TMA (especially s.10 TMA on infringement) conforms with the Recast Directive, which materially re-enacts the provisions of the TMDDir, as explained by the CJEU.

107. However, as discussed, fundamental change is now on the horizon next year now the Retained EU Law (Revocation and Reform) Act 2023 has been enacted. ‘EU Law Supremacy’ and ‘Indirect Effect’ will go. It would be unsatisfactory – and productive of uncertainty – to leave things there, even though I could do so. Of course, it would be inappropriate for me to apply the 2023 Act which is not yet in force. However, knowing what it now says (subject to future amendment) it is in my judgement appropriate to consider whether the result would be the same now on ordinary domestic statutory interpretation, in case Counsel and I are wrong to consider EUWA (as opposed to REULA) means Brexit has not yet made a difference to s.10 TMA. I hope it is also a useful exercise - providing some indication (but no more than that) to practitioners and small businesses wondering about the legal implications of ‘Google Keyword Use’ from 2024 (Of course, if s.10 TMA is amended, my analysis will be entirely redundant).
108. Indeed, this case may also be an opportunity to emphasise once again the importance of the recent restatement of domestic statutory interpretation principles by Lord Hodge in *R(PRCBC) v SSHD* [2023] AC 255 (SC). It is increasingly cited as a leading case by the Supreme Court itself (9 times in the last 18 months in a wide variety of fields), the Court of Appeal and the High Court. In a relatively short but already seminal passage, Lord Hodge said this:

“29 The courts in conducting statutory interpretation are ‘seeking the meaning of the words which Parliament used’: *Black-Clawson International Ltd v Papierwerke Waldhof-Aschaenburg AG* [1975] AC 591, 613 per Lord Reid. More recently, Lord Nicholls of Birkenhead stated: ‘Statutory interpretation is an exercise which requires the court to identify the meaning borne by the words in question in the particular context. (*R v DEFRA, Ex p Spath Holme Ltd* [2001] 2 AC 349, 396.) Words and passages in a statute derive their meaning from their context. A phrase or passage must be read in the context of the section as a whole and in the wider context of a relevant group of sections. Other provisions in a statute and the statute as a whole may provide the relevant context. They are the words which Parliament has chosen to enact as an expression of the purpose of the legislation and are therefore the primary source by which meaning is ascertained. There is an important constitutional reason for having regard primarily to the statutory context as Lord Nicholls explained in *Spath Holme*, p 397: ‘Citizens, with the assistance of their advisers, are intended to be able to understand parliamentary enactments, so that they can regulate their conduct

accordingly. They should be able to rely upon what they read in an Act of Parliament’.

30 External aids to interpretation therefore must play a secondary role. Explanatory Notes, prepared under the authority of Parliament, may cast light on the meaning of particular statutory provisions. Other sources, such as Law Commission reports, reports of Royal Commissions and advisory committees, and Government White Papers may disclose the background to a statute and assist the court to identify not only the mischief which it addresses but also the purpose of the legislation, thereby assisting a purposive interpretation of a particular statutory provision. The context disclosed by such materials is relevant to assist the court to ascertain the meaning of the statute, whether or not there is ambiguity and uncertainty, and indeed may reveal ambiguity or uncertainty: *Bennion, Bailey and Norbury on Statutory Interpretation*, 8th ed (2020), para 11.2. But none of these external aids displace the meanings conveyed by the words of a statute that, after consideration of that context, are clear and unambiguous and which do not produce absurdity.

31 Statutory interpretation involves an objective assessment of the meaning which a reasonable legislature as a body would be seeking to convey in using the statutory words which are being considered. Lord Nicholls, again in *Spath Holme* [2001] 2 AC 349, 396, in an important passage stated: “The task of the court is often said to be to ascertain the intention of Parliament expressed in the language under consideration. This is correct and may be helpful, so long as it is remembered that the ‘intention of Parliament’ is an objective concept, not subjective. The phrase is a shorthand reference to the intention which the court reasonably imputes to Parliament in respect of the language used. It is not the subjective intention of the minister or other persons who promoted the legislation. Nor is it the subjective intention of the draftsman, or of individual members or even of a majority of individual members of either House . . . Thus, when courts say that such-and-such a meaning _cannot be what Parliament intended_, they are saying only that the words under consideration cannot reasonably be taken as used by Parliament with that meaning’.”

I would simply emphasise for the moment that Lord Hodge mentioned at para 30 of *R(PRCBC)* that ‘external aids’ such as Explanatory Notes on legislation can also guide a ‘purposive interpretation’ of the statutory language.

109. On the same ordinary domestic principles of statutory interpretation – and without reference to or reliance on ‘EU Law Supremacy’, ‘Indirect Effect’ or any other EU Law Principle, an EU directive leading to domestic legislation can also be seen as a form of ‘external aid’ to its interpretation, as Lord Hope discussed in *Brent LBC v Risk Management Partners* [2011] 2 WLR 166 (SC). The case concerned public procurement, like trade mark law currently governed by EU-derived law. The Supreme Court, following ECJ authority which held the directive was subject to an implied exception, wrote the same exception into domestic law by its interpretation of the statutory word ‘contract’. This was not ‘Indirect Effect’ as the exception was not in the directive. Instead, Lord Hope reached for orthodox domestic ‘purposive’ statutory interpretation at para 25:

“As for the meaning and effect of the 2006 Regulations, I think it would be wrong to apply a literal approach to the words and phrases used in it, such as in the

definitions of ‘public contract’ and ‘public service contract’. A purposive approach should be adopted. As Lord Diplock indicated in *Kammins v Zenith* [1971] AC 850, 881, this means that regard must be had to the context in which the Regulations were made, to their subject matter and to their purpose....Having regard to the background of EU law against which the Regulations were made, the definitions in the Regulations can be taken to express the same idea as those in the Directive. Thus, something which amounts to a contract in domestic law can nevertheless be held, without doing undue violence to the words of the Regulations, not to be a relevant contract for the purpose of the [Regulations].”

I would stress *Kammins* was decided well before the UK joined ‘the Common Market’ as it was then. It had nothing to do with EU Law, but was an exercise in ordinary domestic ‘purposive interpretation’ (which Lord Diplock championed from the 1960s-1980s). In Lord Hope’s analysis in *Brent*, EU Law was simply the ‘context’ in which the domestic law was made which threw light on the ‘Parliamentary Intention’ for the regulations (in the sense explained in *R(PRCBC)*). Of course, sometimes Parliament may have intended to go beyond the EU directive - what EU Law practitioners call ‘gold-plating’: as Lord Mance found in *USA v Nolan* [2016] AC 463 (SC) paras 20-5. However, if Parliament intended a statutory provision simply to implement an EU Directive as it was (‘back-to-back’ as Lord Mance put it in *Nolan* para 23), then the principle in *Brent* shows how that directive may guide the interpretation of that statutory provision. However, this will only be as an ‘external aid’ in the *R(PRCBC)* sense and as stressed there, the statutory words will always be paramount. That is a very long way indeed from ‘EU Law Supremacy’ and ‘Indirect Effect’.

110. So, I return to that paramount statutory language of s.10 TMA one last time:

“(1) A person infringes a registered trade mark if he uses in the course of trade a sign which is identical with the trade mark in relation to goods or services which are identical with those for which it is registered.

(2) A person infringes a registered trade mark if he uses in the course of trade a sign where because—

(a) the sign is identical with the trade mark and is used in relation to goods or services similar to those for which the trade mark is registered,

or..(b) the sign is similar to the trade mark and is used in relation to goods or services identical with or similar to those for which the trade mark is registered, there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the trade mark.

(3) A person infringes a registered trade mark if he uses in the course of trade, in relation to goods or services, a sign which is (a) identical with or similar to the trade mark, (b)...where the trade mark has a reputation in the United Kingdom and the use of the sign, being without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

(3A) Subsection (3) applies irrespective of whether the goods and services in relation to which the sign is used are identical with, similar to or not similar to those for which the trade mark is registered....

- (4) For the purposes of this section a person uses a sign if, in particular he (a) affixes it to goods or the packaging thereof;
- (b) offers or exposes goods for sale, puts them on the market or stocks them for those purposes...or offers or supplies services under the sign;
- (c) imports or exports goods under the sign;
- (ca) uses the sign as a trade or company name or part of [one];
- (d) uses the sign on business papers and in advertising; or
- (e) uses the sign in comparative advertising in a manner..contrary to the Business Protection from Misleading Marketing Regulations 2008....”

111. As noted above, save for some minor stylistic adjustments by the Parliamentary draftsman, s.10 TMA as amended in 2019 closely tracks the relevant parts of Art.10 of the Recast Directive 2015. In all important respects, the language is effectively the same. Therefore, one would expect it to mean the same and the obvious conclusion is that Parliament intended it to mean the same, which it ensured by amending it, rather than relying on ‘Indirect Effect’ to achieve that conformity as Jacob LJ had suggested in *Intel*. That would be the conclusion on consideration of the statutory language itself, which is paramount as stressed in *R(PRCBC)*. However, it is also clear from consideration of the ‘external aids’. The 2019 amendments to s.10 TMA were made by the Trade Marks Regulations 2018, with their own Explanatory Note relevant to their meaning: *R(PRCBC)*:

“These Regulations amend the [TMA]... The majority of the amendments implement those provisions of the [Recast] Directive which had not already been implemented into UK law pursuant to the former Directive..”

Indeed, while less important, it is relevant background to the 2019 amendments that they post-dated EUWA which was already in force (even if ‘Exit Day’ and ‘IP Completion Day’ had not yet been pinned down) – this may have been a Parliamentary choice to amend the law *before* Brexit took effect. Therefore, both on its statutory language and the ‘external aids’, the amended s.10 TMA falls to be interpreted *on orthodox domestic statutory interpretation principles* as intended to implement the Recast Directive 2015, most relevant here, Art.10 of it. However, not only is that nothing like ‘Indirect Effect’, since the Recast Directive is only an ‘external aid’ as Lord Hodge said in *R(PRCBC)* at para 30, it cannot ‘displace the meanings conveyed by the words of a statute that, after consideration of that context, are clear and unambiguous and which do not produce absurdity’. Parliament – and its chosen language – remains sovereign.

112. For the ‘Ad Text Use’, in my judgement it is plain there would also be infringement on a straightforward interpretation of the statutory language of s.10 TMA itself without need for any resort to ‘external aids’ or indeed any prior case-law, whether domestic or European. The ‘signs’ in the Defendant’s adverts - ‘Advancetrack’ and ‘Advancetrack Outsourcing’ - were plainly ‘use in advertising’ within s.10(4) TMA and indeed ‘use in the course of trade’ ‘in relation to services’ which were ‘identical or similar’ to the Claimant’s services. Those signs were also plainly ‘similar’ to the Claimant’s registered trade mark ‘ADVANCE TRACK’. For the purposes of s.10(3) TMA, that mark had a reputation in the UK and on my findings of fact and a straightforward reading of s.10(3), the Defendant’s use of those signs was without due cause and ‘detrimental to that reputation’ so there was ‘infringement’ under s.10(3) TMA. Alternatively, for the purposes of s.10(2) TMA read in a straightforward way

on its own terms without recourse to ‘retained EU Law’, the similarity between the Claimant’s mark ‘ADVANCE TRACK’ and the Defendant’s signs ‘Advancetrack’ and ‘Advancetrack Outsourcing’ was so close that there was a ‘likelihood of confusion on the part of the public (i.e. accountants), which includes the likelihood of association with the trade mark’. Indeed, on my finding, accepting Mr Sheth’s evidence on this point, a client had been confused. Therefore, in the alternative there was an infringement of s.10(2) TMA.

113. On the ‘Keyword Use’, whilst not quite as obvious, on a simple reading of s.10(4) ‘in the context of the section as a whole’, ‘invisible use’ Google keyword bidding on the trade mark of competitor was a ‘sign’ being ‘used in advertising’ (s.10(4)(d) TMA does not say ‘use as advertising’) and is consistent with *separate* provision being made for such a sign in ‘comparative advertising’ under s.10(4)(e) TMA (which presupposes ‘visible use’). Moreover, for the purposes of s.10(2) TMA, the Defendant’s ‘keyword sign’ ‘Advancetrack’ is clearly ‘similar’ to the Claimant’s mark ‘ADVANCE TRACK’ and there was a ‘likelihood of confusion on the part of the public (i.e. accountants), which includes the likelihood of association with the trade mark’ because that sign also appeared in the advert itself. Therefore, ‘keyword use’ infringed s.10(2) TMA. Whether it would have done so on an ordinary domestic interpretation if ‘Advancetrack’ had not appeared in the advert is academic on my findings.
114. Therefore, the ‘Ad Text Use’ infringed ss.10(3) and 10(2) TMA and the ‘Keyword Use’ infringed s.10(2) TMA on ordinary principles of statutory interpretation without any recourse to ‘external aids’. However, I have not yet addressed the alternative findings on s.10(1) TMA. This is more complex, for three reasons, two of which relate to the meaning of the English word ‘identical’ (‘identical sign’ and ‘identical services’). Whilst a typical dictionary definition is ‘exactly alike’, as is clear from *R(PRCBC)*, statutory words should not be read in isolation as they ‘derive their meaning from their context’ and ‘must be read in the context of the section as a whole and in the wider context’. In that way, ‘identical’ should be read strictly (as Jacob LJ said in *Reed*) and as distinct from ‘similar’. Therefore ‘Advancetrack Outsourcing’ is not ‘identical’ to ‘Advance Track’. But is ‘Advancetrack’ ‘identical as opposed to similar’ to ‘Advance Track’? In my judgement it is - there is no aural difference and minimal visual difference. Likewise, the Defendant’s ‘service’ is ‘identical’ not just ‘similar’ to the Claimant’s – namely outsourcing and related services for accountants.
115. However, the third reason is the most complex concerning s.10(1) TMA. There is no statutory requirement that its use must ‘adversely affect the functions of the trade mark’ and it is not so obviously intrinsic or implicit as with s.10(2) or s.10(3) TMA. Indeed, there was no such express requirement in the directive – it was a CJEU gloss in *Arsenal* and other cases derived from the Recitals of the TMDir, developed in *Google France*. However, that is where a purposive interpretation following *Brent* would come in. s.10 TMA as amended in 2019 was plainly intended to implement the Recast Directive which was intended to mean the same as the ECJ and CJEU had interpreted the TMDir – so it is an ‘external aid’. In *Brent* the word ‘contract’ was interpreted purposively to restrict its normal meaning to fit the directive it was intended to implement as it had been interpreted by the ECJ. So too here could the phrase ‘a person *infringes* a trademark’ in each of ss.10(1), 10(2) and 10(3) TMA be interpreted to require ‘infringement’ in the sense of *adverse effect on the trade mark*.

That would add little if anything to the other elements of s.10(2) and s.10(3) TMA, but it would add something to the other elements of s.10(1) TMA. In the *R(PRCBC)* sense, it cannot have been Parliament's intention or purpose to render unlawful something which has no adverse impact whatsoever on a trade mark. Alternatively, there is an analogy with how Arnold LJ explained in *Muzmatch* at para 115 the so-called 'defence' of 'honest concurrent use'. It is not a defence at all, but an answer to alleged infringement in rebutting the presumption of a 'likelihood of confusion' under s.10(1) TMA, and relevant to whether there was such a 'likelihood' under s.10(2) TMA, or to whether there was any 'detriment' or 'unfair advantage' under s.10(3) TMA. Similarly, if there is no 'adverse effect' on the functions of the trade mark, there can be no 'unfair advantage / detriment' under s.10(3) TMA or 'likelihood of confusion' under s.10(2) TMA or true 'double identity' under s.10(1) TMA. Indeed, as in *Muzmatch*, this analysis would also be open to the burden shifting to the defendant to prove no adverse effect' once the explicit statutory elements were proved by the claimant. Either way, on a 'purposive interpretation' of s.10(1) echoing *Brent*, I would have found it infringes, both by keyword and Ad Text use of 'Advancetrack'.

116. Where does this leave the small business wondering whether to use competitor brands as keywords ? I repeat what Kitchin LJ said in *Interflora CA* para 98:

“...Internet advertising using keywords which are identical to trade marks is not an inherently objectionable practice. On the contrary, its aim is, in general, to offer to Internet users alternatives to the goods or services of trade mark proprietors and it is not the purpose of trade marks to protect their proprietors from fair competition....”

Yet this is rather a legal minefield which takes care to step through. This case may be helpful as an example of how not to do it. A wise first move will be a search whether a competitor's brand is actually a trade mark. If so, including it in the advert itself as opposed to as just a 'keyword' can backfire commercially as well as legally (save in the context of legitimate comparative advertising). However, even limiting it to a keyword may not be enough to avoid liability – a small business would be well-advised to ensure their advert makes positively clear their lack of any connection to the mark proprietor . It may be wise for a small business to get advice, especially in these legally as well as commercially uncertain times, as our legal system begins in earnest to detach from the EU.

Passing Off

117. Having found trade mark infringement proved, I can deal with the old common law action of Passing Off very briefly, not least as I have already dealt with one of its three elements, summarised by Lord Oliver in *Reckitt* page 499:

“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, such that the get-up is recognised by the public as distinctive specifically of the plaintiff's goods or services. Secondly, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the

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

118. I have already addressed the first element of reputation and I repeat my finding. On the balance of probabilities the Claimant and its trade mark ‘Advance Track’ has for several years had an established reputation in respect of outsourcing and offshoring for British accountants. Not only was Mr Sheth’s (albeit limited) evidence on this not challenged, Mr Husain admitted familiarity with ‘Advance Track’: not only the Claimant’s trade mark, but effectively its ‘brand’ or ‘trade name’, often presented as one word, either with capitals (‘AdvanceTrack’) or all in lower case: (‘advancetrack’). As Mr Husain said, his firm had its own chartered accountancy practice and ‘Advance Track’ was a name ‘popping up in my inbox all the time’ and ‘one of the names known to him in the market’. Importantly, this was not just with his ‘competitor hat’ on, but specifically with his ‘accountant hat’ on. Even aside from Mr Sheth’s evidence, Mr Husain’s admission proves the established reputation of the Claimant’s ‘Advance Track’ service and trade mark for accountants in the UK in 2021 and that the Claimant used it (and variants of it) in the course of trade in offering those services. This finding is in my judgement more than enough to satisfy the broad first limb of ‘Passing Off’. The Claimant has proved not just a UK reputation, but established custom and goodwill for its services among British accountants.

119. The second element of the *Reckitt* test is ‘misrepresentation’, which need not be intentional but must lead or be likely to lead the public to believe goods or services offered by him are those of the claimant, or its brand / trade mark, even if they are unaware who its owner is. In *Lumos* at para 60: Lloyd LJ endorsed a comment by Jacob J (as he then was) in *Netrogena v Golden* [1996] RPC 473:

“It is not a defence to passing-off that many of a defendant's sales do not cause deception or confusion. There is passing-off even if most of the people are not fooled most of the time but enough are for enough of the time. By ‘enough’ I mean a substantial number of the plaintiff's customers or potential customers deceived for there to be a real effect on the plaintiff's trade or goodwill.”

On this point, Jacob LJ (as he had become) in *Reed* then compared this approach in Passing Off with that in Trade Mark Infringement at para 82:

“[The average consumer’ in trade mark infringement] is conceptually different from the ‘substantial proportion of the public’ test in passing off. The ‘average consumer’ is a notional individual whereas the substantial proportion test involves a statistical assessment, necessarily crude. But in the end I think they come to the same thing. For if a “substantial proportion” of the relevant consumers are likely be confused, so will the notional average consumer and vice versa. Whichever approach one uses, one is essentially doing the same thing... forming an overall (“global”) assessment whether there is likely to be significant consumer confusion...”

Jacob LJ returned to ‘confusion’ in *Phones4u v Phone4u* [2007] RPC 5 (CA):

“16...Sometimes a distinction is drawn between ‘mere confusion’ which is not enough, and ‘deception’ which is. I described the difference as ‘elusive’ in *Reed* at para 111: “Once the position strays into misleading a substantial number of people (going from ‘I wonder if there is a connection’ to ‘I assume there is a connection’) there will be passing off, whether the use is as a business name or a trade mark on goods.”

17. This is a question of degree—there will be some mere wonderers and some assumers—there will normally be passing off if there is a substantial number of the latter even if there is also a substantial number of the former..

19...Clearly, if the public are induced to buy by mistaking the insignia of B for that which they know to be that of A, there is deception. But there are other cases too. A more complete test would be whether what is said to be deception rather than mere confusion is really likely to be damaging to the claimant's goodwill or divert trade from him. I emphasise the word ‘really’”

Finally on the law, in *Lumos* at para 62, Lloyd LJ endorsed another observation by Jacob J in *Neutrogena* (as had the Court of Appeal in that case itself):

“The proper approach of the court to the question was not in dispute. The judge must consider the evidence adduced and use his own common sense and his own opinion as to the likelihood of deception. It is an overall ‘jury’ assessment involving a combination of all these factors...Ultimately the question is one for the court, not for the witnesses. It follows that if the judge's own opinion is that the case is marginal, one where he cannot be sure whether there is a likelihood of sufficient deception, the case will fail in the absence of enough evidence of the likelihood of deception. But if that opinion of the judge is supplemented by such evidence then it will succeed. And even if one's own opinion is that deception is unlikely though possible, convincing evidence of deception will carry the day.”

(Of course, the reference to a judge not being ‘sure’ does not elevate the civil standard of proof into the criminal one).

120. In this case, there was plainly (unintended) ‘misrepresentation’ by the Defendant’s use of the sign ‘Advancetrack’ in the ‘Ad Text’ (as opposed to the ‘keyword’ which did not misrepresent anything). As Mr Smith submitted, whilst the focus is on the effect on a ‘substantial number of customers or potential customers’, ‘the average accountant’ is still a useful legal construct for the Court in reaching its own view on that ‘jury basis’. In this case, there is some evidence of ‘deception’ in the sense of the client who told Mr Sheth they had struggled to find the Claimant’s website due to the situation. However, it seems to me the best evidence of the ‘likelihood of deception’ is the terms of the Defendant’s adverts where simply ‘Advancetrack’ or ‘Advancetrack Outsourcing’ or similar generic words are in the headline and the only reference to the Defendant on the advert as it appears on the search page is the URL hyperlink in far smaller text. In my judgement, on all the evidence assessed in the round, in those adverts at least (if not the absurd ones with several brands all jumbled together) ‘the average accountant’ (or a substantial number of potential customer accountants) would have been likely to have been deceived into thinking the advert was linked to the Claimant given its established reputation with ‘Advance Track’ (especially as it was often presented as one word not two by the Claimant itself).

121. Finally, damage. This was only briefly addressed by Lord Oliver in *Reckitt*, but Jacob LJ again in *Phones4u* at para 11 stressed that damage by diversion of sales was not required, provided there was damage to goodwill; and added at para 14:

“A...modern statement of the kind of damage which, if caused by misrepresentation, is actionable, was given by Slade LJ in *Chelsea Man v Chelsea Girl* [1987] RPC 189 (CA) at p.202: “(a) by diverting trade from the plaintiffs to the defendants; (b) by injuring the trade reputation of the plaintiffs whose men's clothing is admittedly superior in quality to that of the defendants; and (c) by the injury which is inherently likely to be suffered by any business when on frequent occasions it is confused by customers or potential customers with a business owned by another proprietor or is wrongly connected with that business.”

I find the Claimant has proved damage on bases (b) and (c), for reasons I repeat:

“[Although] the Defendant gained nothing from its disastrous Google Ad Words campaign, indeed probably lost a good deal of trade, that does not mean the Claimant lost nothing. I infer on the balance of probabilities the Defendant’s conduct had a limited impact on the Claimant’s sales, but it may be very difficult to quantify. As discussed in argument, it is not a ‘Zero Sum Game’. There are several players in the market, not least QX and others. Not all of them were equally affected by the Defendant’s clumsy ad campaign. Mr Sheth’s consultants calculate the number of clicks on the Claimant’s website in Spring 2021 grew from 537 in March to 769 in April but then dropped to 482 in May, picking up again to 542 in June. It precisely correlates with the Defendant’s ‘Ad Text’ containing Advancetrack’ from late April to late May. So, whilst the Defendant gained nothing...I find on the balance of probabilities some customers looking for the Claimant were diverted away from it, albeit not to the Defendant but rather to competitors who were not ‘tarnished’ by its campaign as the Claimant was.”

It follows I find all elements of Passing Off proved and uphold that claim too.

Relief

122. Finally, this finding leads me to the last issue, relief. I will deal with this very briefly indeed as I have upheld the claims for both Trade Mark Infringement under s.10 TMA and Passing Off and both Counsel wished in that result to make further submissions on relief following hand-down of judgment. However, subject to those submissions – and to assist the parties to resolve matters – given my findings of fact, I can express some provisional views on three issues. However, before that I set out the relevant principles on relief. I return one final time to the invaluable judgment of Jacob LJ in *Reed* at paras 162-165:

“162 Prior to the CPR the position where a trade mark or passing off claim succeeded at trial was that the successful claimant would be entitled to an inquiry as to damages unless the court was satisfied it would be fruitless, *McDonald’s v Burger King* [1987] F.S.R. 112. If the court was in doubt, the inquiry should be ordered, though at the claimant’s risk as to costs.

163 Mr Howe submitted that the CPR enabled the court to take a more adventurous course—in a case where the damages were small it should boldly apply the overriding objective and assess them summarily.

164 I...do not accept...summary assessment...means the court should just pluck some small sum out of the air...However, I do think the court, where it thinks the damages are likely to be negligible or small, can use its case management powers to stop things getting out of hand. It can, for instance, require the claimant to put in a statement of case together with supporting evidence before requiring the defendant to do anything. The cost in money and time of that is likely to cause a claimant who in reality has little to gain to think twice. Again, the court can order the trial of quantum to be on paper only unless a case for cross-examination is made out. Disclosure can be restricted or even done away with. A time limit for the hearing can be imposed. All these things are ways of case-managing the problem.”

What Jacob LJ in *Reed* anticipated back in 2004, relatively early on in the CPR 1998, has since transpired as Arnold LJ recently explained in *Amazon*:

“97 In intellectual property cases it is conventional for the claimant to claim an inquiry as to damages or account of profits, not damages or profits. The procedural consequence of this is the trial will be split: liability will be determined first and quantum second. Although the court has power to order a joint trial of liability and quantum, there is very rarely done outside the Intellectual Property Enterprise Court Small Claims Track. Usually, if the claimant is successful, an inquiry or account will be ordered without argument at the claimant’s election and at the claimant’s risk as to costs.

98 In some cases...the defendant contends that, even though the claimant has succeeded on liability, no inquiry or account should be ordered either because the claimant has no real prospect of successfully claiming any financial relief beyond nominal damages or because the costs of an inquiry or account would be disproportionate to the claimant’s likely recovery.

99 Faced with such a contention, the court must first decide whether the claimant has a real (as opposed to fanciful) prospect of successfully claiming any financial relief (*McDonald’s* at 118-119... and *Reed* at 162).

If the claimant has not adduced any evidence on this question (e.g. because it has obtained summary judgment on liability), it may be appropriate to give the claimant an opportunity to file such evidence...

100 If the claimant has no real prospect of successfully claiming financial relief, it should be confined to nominal damages. If the claimant has a real prospect of success, the court should consider whether the costs of an inquiry or account would be proportionate to the claimant’s likely recovery. Unless the court concludes that the costs would be disproportionate, it should order an inquiry or account. If the court considers that a full-blown inquiry or account would be disproportionate, it may adopt one of two courses. The first, if there is adequate material already before the court to enable it to do so, is immediately to assess the damages or profits summarily...The second course, if there is insufficient material which would enable the court immediately to assess the damages or profits summarily, so that it would be reduced to plucking a figure out of the air, is for the court to exercise its case management powers to determine damages or profits in a proportionate manner by a summary or streamlined process: see *Reed* at para.164.”

Against that legal context, I turn to my three provisional views on relief.

123. Firstly, for the reasons I gave above, I have found on the balance of probabilities that the Defendant gained no advantage (and sustained some disadvantage) from those adverts. It follows from that I would be strongly minded, subject to Mr Zweck's final submissions, to find applying *Amazon* that there is no real prospect of a successful account as to the Defendant's profits. It would be futile. Moreover, as the adverts stopped two years ago, injunctions seem unnecessary.
124. Secondly however, again based on my findings of fact and subject to Mr Smith's submission, I would also find on the *Amazon* approach there was a real prospect of the Claimant successfully recovering its own damages. This is not least because my provisional view is that Reg.3 Intellectual Property (Enforcement) Regulations 2006 applies to this case. So far as material, it states (my underline):

“(1) Where in an action for infringement of an intellectual property right the defendant knew, or had reasonable grounds to know, he engaged in infringing activity, the damages awarded to the claimant shall be appropriate to the actual prejudice he suffered as a result of infringement.

(2) When awarding such damages—(a) all appropriate aspects shall be taken into account, including in particular— (i) the negative economic consequences, including any lost profits, which the claimant has suffered... and (ii) elements other than economic factors, including the moral prejudice caused to the claimant by the infringement; or (b) where appropriate, they may be awarded on the basis of the royalties or fees which would have been due had the defendant obtained a licence.”

I have found the Defendant did not intentionally include 'Advancetrack' in its adverts – it was an error by JEC, but which the Defendant failed to address for nearly a month when told by Ms Edwards at the start of May 2021. Therefore, subject to Mr Smith's submissions, I would be minded to find at least in May, the Defendant had reasonable grounds to know it was infringing. I would also be minded to award some damages for prejudice or on a royalty basis.

125. Finally however, those sorts of damages are eminently suitable for the sort of summary assessment envisaged by Jacob LJ in *Reed* and Arnold LJ in *Amazon*. I would be minded to give directions for additional evidence from both parties and a hearing for a day in the Autumn to deal with that and the issue of costs – having already handed down the judgment in the absence of the parties over the Summer (ideally approving an agreed order to that effect). That hearing could also potentially address the Claimant's lost sales which I have accepted it is likely to have suffered if they are clear, which would be most efficient in terms of costs. After all, the Defendant now has consistently put its marker down that the Claimant suffered no loss. The Claimant consistently put its marker down that it was only prepared to deal with liability. It has now succeeded on liability and must now put its (allegedly lost) money where its mouth is. Mr Sheth may now reflect that he would have been better in his witness statement to have spent more time on explaining the evidence of damage (if in fairness not necessarily quantifying it) and on the Claimant's own reputation and less time mudslinging at the Defendant's reputation, which gained him nothing whatsoever and risks some costs consequences. I also warn that in the particular circumstances of this case, my provisional view is that I should proceed to summary assessment of damages at that hearing on the 'streamlined process' envisaged in *Reed* and *Amazon* and given the findings I have already made, an inquiry

as to damages would be disproportionate. Mr Sheth and Mr Husain are both business people and they have just spent their busiest time of year preparing for a trial. I would hope they would feel they would be wisest now to end this litigation by settlement. If not, they must expect the case to be managed proportionately. Fortunately, they are both extremely well-advised by Mr Zweck and Mr Smith and their respective instructing solicitors, to whom I would give my thanks for all their hard work, forensic skill and legal erudition in a very interesting case.
