



Neutral Citation Number: [2021] EWHC 11 (IPEC)

CLAIM NO. IP-2019-000081

IN THE HIGH COURT OF JUSTICE
BUSINESS & PROPERTY COURTS OF ENGLAND & WALES
INTELLECTUAL PROPERTY LIST (ChD)
INTELLECTUAL PROPERTY ENTERPRISE COURT

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

Date: 18 January 2021

Before:

DAVID STONE
(sitting as a Deputy High Court Judge)

Between :

CORMETON FIRE PROTECTION LIMITED

Claimant

- and -

(1) CORMETON ELECTRONICS LIMITED

(2) JOHN AITCHISON

Defendants

Mr Thomas St Quintin (instructed by **McDaniel & Co**) for the **Claimant**
Mr Tim Austen (instructed by **Gateley Legal**) for the **Defendants**

Hearing dates: 19 and 20 November 2020

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.

Covid-19 Protocol: This judgment is to be handed down by the deputy judge remotely by circulation to the parties' representatives by email and release to Bailii. The date for hand-down is deemed to be 10.30am on 18 January 2021.

David Stone (sitting as Deputy High Court Judge) :

1. Cormeton Fire Protection Limited, the Claimant, has since 1967 been in the business of providing mechanical fire protection solutions (including fire extinguishers). In 1989, to expand its business into electronic fire protection solutions (such as fire alarms), the Claimant teamed up (to use a neutral term) with Mr John Aitchison, the Second Defendant. Cormeton Electronics Limited, the First Defendant, was registered as the corporate entity to run this new endeavour from the Claimant's premises. All went well. In 2003, the First Defendant, requiring more space, moved out. Both parties continued to trade under names which included the word CORMETON, and used similar logos. While there were some reports of alleged confusion (to which I refer below), the parties continued to cross-refer work to each other, and were on good terms. This changed in or about 2015, when the parties fell out. In 2016, the Claimant applied to register the word CORMETON as a trade mark. Following pre-action correspondence, these proceedings were commenced in 2019. The Court is thus required to address the issue of two businesses which have traded in similar fields and under similar names for a long period of time, and which used to work together but which are now hostile to one another. In short, the Court is asked to determine who gets to use the word CORMETON, and for what goods and services.

2. The Particulars of Claim allege:

- i) Infringement of UK trade mark number 3164199 for the word mark CORMETON (the **Mark**), registered for various goods and services in Nice classes 6, 9, 37, 40, 41, 42 and 45. Infringement is alleged under sections 10(1), 10(2) and 10(3) of the Trade Marks Act 1994 (the **TMA**);
- ii) Infringement of copyright said to subsist in the following artistic work (the **Work**) under sections 16(1)(a), (b) and (c) of the Copyright Designs and Patents Act 1988 (the **CDPA**):



; and

iii) Passing off.

3. Specifically, the Claimant complains that use of the following signs (the **Signs**) constitutes trade mark infringement:

- i) CORMETON;
- ii) www.cormeton.co.uk (the **Domain Name**);
- iii) the Work; and



iv) (the **Device**).

4. The Claimant also alleges that the First Defendant has used the sign CORMETON ELECTRONICS (the **CE Sign**) in the course of trade in the supply and sale of *mechanical* fire protection equipment. The Claimant has no issue with the First Defendant using the CE Sign in relation to the supply and sale of *electrical* safety equipment, but wishes to prevent the First Defendant from using the CE Sign in relation to *mechanical* fire protection goods or services.
5. The Second Defendant is alleged to be jointly and severally liable with the First Defendant for the acts complained of, on the basis that he authorised, procured and/or directed those acts. The Defendants have admitted those allegations of joint and several liability, so I say no more about them.
6. The Defendants deny trade mark infringement (including on the basis of honest concurrent use), copyright infringement and passing off, and counterclaim for invalidity of the Mark under section 3(3)(b) and/or revocation under section 46(1)(d) of the TMA. Rather, the Defendants aver that the Claimant and First Defendant had operated in partnership between 1989 and 2003, and that on the dissolution of that partnership, the parties agreed that the First Defendant could continue using the CORMETON name under licence. In the alternative, the Defendants argue that the Claimant is estopped from denying a licence and/or has acquiesced in the First Defendant's use.
7. I should also make clear what the Claimant does *not* complain about. The Claimant is happy for the First Defendant to continue to trade under the CE Sign, carrying on the supply and sale of electrical safety equipment (alarms etc). However it asks the Court to stop the First Defendant from (i) using CORMETON on its own; (ii) from using the Domain Name; (iii) from using the Work and the Device; and (iv) from using CORMETON (including the CE Sign) in relation to a *mechanical* fire safety business (extinguishers etc).
8. Therefore, the simply phrased question I have set out above of “who gets to use the word CORMETON and for what goods/services” requires assessment of a significant number of sub-issues.
9. The trial was heard remotely. Mr Thomas St Quintin appeared for the Claimant. Mr Tim Austen appeared for the Defendants.
10. Although this judgment will be handed down following the United Kingdom's departure from the European Union trade mark regime on 31 December 2020, subject to one issue on estoppel/acquiescence to which I will return below, I was asked by both counsel to decide the case on the basis of the law as it stood at the time of the trial.

List of Issues

11. As is usual in the IPEC, the List of Issues was set at the CMC (determined without a hearing). All remained relevant at the start of the trial.

“The Work

1. Is the Work an original artistic work created by Michael Warburton Snr and in which copyright subsists?

Goodwill and Reputation

2. Does the Mark have a reputation in respect of the goods and services for which it is registered and/or an enhanced distinctive character?

3. Have the Claimant and its predecessors generated and does the Claimant own goodwill attached to the Mark and/or the Work in respect of safety monitoring goods or services?

Partnership; Separation; Consent

4. Did the Claimant and the First Defendant form and trade as a partnership?

5. If so:

- 5.1 did the Work become a partnership asset?

- 5.2 did any goodwill attached to the Mark and/or the Work become a partnership asset?

6. What was agreed between the parties when they ceased working together in 2003?

7. Has the agreement reached between the parties when they ceased working together been terminated?

Copyright Infringement

8. Have the Defendants infringed copyright in the Work contrary to sections 16(1)(a), (b) and (e) of the CDPA?

Trade Mark Infringement and Passing Off

9. Does there exist a likelihood of confusion on the part of the public because the Signs and/or the CE Sign are identical or similar to the Mark, and used in respect of goods and services identical with or similar to those for which the Mark is registered?

10. Do the acts complained of affect, or are they liable to affect, one of the functions of the Mark?

11. Does the use of the Signs and the CE Sign take unfair advantage and/or is detrimental to the distinctive character and/or take unfair advantage of the repute of the Mark?

12. Was any such use of the Signs and the CE Sign in the manner set out at paragraph 11 above with due cause?

13. Have members of the public actually been confused as a consequence of the acts complained of?

14. Do the acts complained of cause a misrepresentation that damages the Claimant's goodwill in the Mark and/or the Work?

15. Is infringement of the Mark and/or passing off avoided because of honest concurrent use?

Authorisation

16. Have the acts of which complaint is made, or any of them, been conducted without the Claimant's authorisation?

Acquiescence and estoppel

17. Are the Defendants entitled to a defence of estoppel or acquiescence in respect of any acts that would otherwise be acts of copyright infringement?

18. Are the Defendants entitled to a defence of estoppel or acquiescence in respect of any acts that would otherwise be acts of passing off?

19. Are the Defendants entitled to a defence of estoppel or acquiescence in respect of any acts that would otherwise be acts of infringement of the Mark?

Validity of the Mark

20. Was the Mark, in whole or in part (and if in part, in what part) registered contrary to section 3(3)(b) of the TMA because it was on its filing date of 12 May 2016 of such a nature as to deceive the public?

Revocation of the Mark

21. Is the Mark liable to be revoked under section 46(1)(d) of the TMA because it is liable to mislead the public as a consequence of the use made of it by the Claimant or with its consent?

22. If so, from which date did the Mark become liable to revocation on the aforesaid basis?"

12. Issues 4 and 5 were conceded by the Defendant on the morning of the second day of the trial following the cross-examination of the Defendants' witnesses and all allegations of partnership were withdrawn.

13. As will be apparent, this was a large number of issues to be determined within the ambit of the usual IPEC two day hearing. Much of the trial was taken up by only a few of the issues. Many issues were covered only briefly, and some not at all. To decide the case, it is not necessary for me to examine in detail every controversy that arose. I have therefore, in this judgment, dealt only with the issues that make a difference to the outcome of the case, and have ignored those controversies which, though fiercely argued, are irrelevant to the outcome.

Witnesses

14. The Claimant and the Defendants each called two witnesses. All four witnesses were skilfully cross-examined.

Michael Warburton Senior

15. Mr Michael Warburton Senior is a director and company secretary of the Claimant, a family business for whom he has worked since 1974. As various male members of the Warburton family are mentioned in the evidence before me, I will use first names to differentiate them: in doing so, I mean no disrespect. Michael Senior gave evidence that the business now operated by the Claimant was started in 1967 by his father, Mr Robert Warburton Senior. Robert Senior named the business CORMETON – a portmanteau word combining elements of CORROSIVE, METAL and the family name, WARBURTON. Michael Senior’s brother, Mr Robert Warburton Junior, took over the business in 1968, and Michael Senior took over day-to-day operations in 1974. In 2014, Michael Senior’s son, Mr Michael Warburton Junior, took over the day-to-day operations of the business.
16. Michael Senior’s first witness statement set out the establishment of the Claimant, the creation of the Work (to which I return below), and the relationship between the Claimant and the Defendants. His second witness statement responded to the Defendants’ written evidence.
17. Counsel for the Defendants criticised Michael Senior’s evidence as being “exceptionally vague”, and contended that his inability to recollect some dates meant that I should treat his evidence with some care. I disagree. First, this criticism was never put to him. Second, Michael Senior was asked to recall events from many years ago, often of doubtful or peripheral relevance to the proceedings – including, for example, what make of vans were used by the Claimant at different times. I accept that the date of creation of the design drawings on which the Claimant relied is of importance to these proceedings, but it is unsurprising that he was unable to recall precise dates for what would have been at the time unimportant events. I found him to be an honest witness, doing his best to assist the Court. This does not mean that I have accepted all of his evidence: I have not. But in my judgment his evidence was honestly given.

Anne Warburton

18. Mrs Anne Warburton is married to Michael Senior, and mother of Michael Junior. She is also a director of the Claimant, and began working in the Claimant’s business in 1996. Her first witness statement set out details of what she alleged was confusion between the

Claimant and the First Defendant. Her second witness statement responded to the Defendants' witness statements.

19. Counsel for the Defendant suggested that Mrs Warburton was "less than candid" in her oral evidence. He described her oral evidence as vague and difficult to follow, and urged me to approach it with great caution. Again, I disagree. Whilst there were facts from some years ago that Mrs Warburton could not recall, she was doing her best to assist the Court. She was an honest witness.

John Aitchison

20. As noted above, Mr John Aitchison is the Second Defendant and a Director of the First Defendant. In his witness statement he gave his version of the relationship between the two businesses, and the split that occurred in 2003.
21. Counsel for the Claimant criticised Mr Aitchison as a dishonest witness. Specifically, it was submitted that Mr Aitchison lied in the closing moments of his oral testimony, when he contradicted his written evidence to claim that conversations which his witness statement stated had occurred with his "staff" were actually had directly with him. It does seem to me, having watched Mr Aitchison give his evidence and having reviewed the transcript, that it is likely that Mr Aitchison's written testimony is to be preferred on this point, because it seems to me inherently implausible that Mr Aitchison would have used the expression "a number of [the First Defendant's] staff" when he meant himself. Mr Aitchison was professionally represented, and had assistance in preparing his witness statement. There is very little in the issue itself, as Counsel for the Claimant conceded, but he went further, suggesting that I should therefore treat all of Mr Aitchison's evidence with care. He submitted that where Mr Aitchison's evidence is inconsistent with another witness's evidence, I should prefer that of the other witness. Counsel for the Claimant submitted that this included the evidence of what was agreed in 2003, and submitted that I should prefer Michael Senior's evidence to that of Mr Aitchison. Counsel for the Defendants submitted that Mr Aitchison had been nervous, but had given his evidence honestly. I accept that Mr Aitchison's evidence at the end of his cross-examination was not accurate. But I do not consider that that infects the remainder of his testimony to a degree that I should discount it where there is evidence to the contrary. I consider that, overall, Mr Aitchison was doing his best to assist the court. As will be apparent from what follows, there are facts on which his memory has failed him, and I have concluded that I prefer other evidence to the evidence given by Mr Aitchison on some issues. But having had the benefit of the totality of Mr Aitchison's evidence, and in particular having seen him give his oral testimony in cross-examination, I do not conclude that Mr Aitchison was dishonest in his written testimony or in his cross-examination up to the last moments I have mentioned above.

Stephen Rush

22. Mr Stephen Rush is a director of the First Defendant. He started in the First Defendant's business in 2002, shortly before it moved out of the Claimant's premises in 2003. He provided a witness statement setting out his views on the relationship between the Claimant and the First Defendant, and what he saw as the changes to that relationship since Michael Junior took over day-to-day management of the Claimant. He also

provided some evidence which sought to suggest that the Claimant benefits from the association between the Claimant and the First Defendant.

23. Counsel for the Claimant submitted that Mr Rush's version of some conversations he had had with Mrs Warburton was a "statement of what he wants to believe ... rather than a record of what was actually said". As I have set out below, Mrs Warburton was not asked about those conversations in cross-examination, so I accept what she said about them in her written evidence. That also means that I reject Mr Rush's version of what Mrs Warburton *meant* by what she said to the extent that it differs from what Mrs Warburton said in her statements. This does not, however, mean that I consider Mr Rush a dishonest witness – he was trying to assist the court, but I am unable to accept what he said about exchanges with Mrs Warburton because it was not put to her that her version of events was untrue.
24. Each of the witnesses was asked to recall conversations and events from, in some cases, many years ago, in circumstances where there was not a thorough or complete documentary record of all that happened. To the extent that there are documents, the Court can read them, and ascertain their meaning – questions to the witnesses as to what they thought those documents may have meant did not assist me. Neither counsel put to me that I should prefer any of the oral testimony to the written record where it was available. However, given the "defences" to infringement which have been raised by the Defendants, I must piece together the events that have occurred as between the two businesses since 1989, so as to ascertain the legal consequences for the parties. Of course, much of what has happened in that time is irrelevant to the determination of the issues in dispute – and each side sought to put its own spin on various events to assist its case.

The Factual Matrix

25. As I understand the parties' submissions, none of what follows under this heading was seriously contested.
26. The Claimant's business was started and named by Robert Senior in 1967. Michael Senior was in charge of the business from 1974. The Claimant was incorporated in 1979 under the name CORMETON FIRE PROTECTION LIMITED. That business provided mechanical fire protection goods and services, including fire extinguishing systems. By 1989, the Claimant was trading from premises at the Delaval trading estate in Seaton Delaval.
27. Prior to 1989, Mr Aitchison worked in a different business, principally concerned with fire and safety electronics, including fire alarms, lighting, access control keypads and CCTV.
28. Mr Aitchison and Michael Senior met through their then work in 1989 and, shortly thereafter, decided to work together. The First Defendant was established under the name CORMETON ELECTRONICS LIMITED to carry on the supply and sale of electrical safety equipment in which Mr Aitchison had expertise. Michael Senior owned 60% of the shares in the First Defendant, and Mr Aitchison owned the remaining 40%. The First Defendant operated from the Claimant's existing premises at Seaton Delaval. It was common ground that Michael Senior made most of the management decisions in relation to the Claimant, and Mr Aitchison made most of the management decisions in relation to

the First Defendant. It was also common ground that staff and various business systems were shared between the Claimant and the First Defendant.

29. This situation continued for over 14 years.
30. The Domain Name was registered in 1998. Until 2003, the website at the Domain Name referred to both the Claimant and the First Defendant.
31. In 2003, needing more space, the First Defendant moved out of the premises at Seaton Delaval and Michael Senior was paid £240,000 for his shares in the First Defendant. The full terms on which the businesses separated were hotly contested. The Claimant asserted that the terms were orally agreed, and that they imposed on the First Defendant obligations (1) only to use CORMETON as part of the full name CORMETON ELECTRONICS LIMITED and (2) only to supply and sell under that name electrical safety equipment (and not mechanical fire safety equipment). The Defendants asserted that a formal separation agreement was negotiated by solicitors on behalf of the parties, but no such document has been found. The Defendants asserted that, under the written agreement, both businesses were permitted to use CORMETON, with the Claimant operating in mechanical fire protection and the First Defendant operating in the supply and sale of electrical safety equipment.
32. Since 2003, both businesses have continued to trade. Initially, they were on friendly terms, and co-operated. The businesses referred work to each other, and subcontracted to each other. Since 2003, the website at the Domain Name has referred only to the First Defendant. The Claimant registered its own domain name, and set up its own website at www.cormetonfireltd.co.uk in 2010.
33. In 2014, Michael Junior took over the day-to-day running of the Claimant. Relations with the Defendants soured shortly thereafter. The First Defendant made some changes to how it marketed itself, including dropping the references to ELECTRONICS LIMITED on the sides of its vans. There were also changes to the First Defendant's website. It stopped subcontracting mechanical fire protection work to the Claimant, and instead subcontracted such work to third parties.
34. The Mark was filed in 2016. These proceedings were commenced in 2019.
35. I mention for completeness that from about 2014, the Claimant kept logs of what it said were instances of consumer confusion. The Defendants did not accept that all those instances were reliable, but did accept that there was some evidence of confusion between the Claimant and the First Defendant (indeed, they positively relied on that confusion as establishing, among other things, the invalidity of the Mark under section 3(3)(b) of the TMA).

Copyright

36. The Particulars of Claim state:

“4. Further, the Claimant is the owner of the copyright in the following artistic work (“the Work”):



5. The Work was created in or around 1982 by Michael Warburton senior, who was a British Citizen and/or was ordinarily resident in the UK and was an employee of the Claimant acting in the course of his employment in the creation of the Work.

6. In the creation of the Work, Mr Warburton senior expended a significant original and artistic effort. The Work is the expression of Mr Warburton senior's own intellectual creation. That intellectual creation was expressed in particular through the creation of the appearance of the flame effect element of the Work, the shape, size and position of the white nearly-circular element, the selection of the colours of the Work, and the selection of the font and colour and position of the word "Cormeton" within the Work."

37. Michael Senior was asked in cross-examination about the creation of the Work:

Q: I am asking you to focus specifically on the red badge with the flame and the word Cormeton underneath it, that picture or logo was not created by you, was it?

A: No.

Q: It is more likely than not that at some point, perhaps shortly before 2013, the First Defendant created the Work, did they not?

A: I would assume so, yes.

38. It became apparent during his cross-examination that whilst Michael Senior may have created what was referred to at the **Flaming O Device** (a circle with a flame in it) and the font used in the Work for the word CORMETON, he had not, in fact, created the Work as it was defined by the Claimant in its Particulars of Claim. The Flaming O Device is shown here:



39. At the close of the evidence (the end of the first day of the trial), I told counsel for the Claimant that I would ask him the following morning whether issues 1, 8 and 17 (among others) were still pressed. Those issues relate to the copyright claim. On repeating that question on the morning of the second day of the trial, I was told by counsel for the

Claimant that the copyright case was still pressed. Later, during counsel for the Claimant's closing submissions, I asked him whether he intended to apply to amend the Claimant's pleadings to rely on infringement of copyright in a different artistic work (for example, the Flaming O Device). Counsel for the Claimant stated that there had been a break-down in communication resulting in the wrong artistic work being included in the pleadings, but submitted first that, as there was an allegation that a "substantial part" of the Work had been reproduced, that was sufficient to enable the Claimant to rely on its pleaded case. I have no hesitation in rejecting this submission. It is not open to a Claimant to plead copyright infringement of an artistic work in which it does not own copyright on the basis that the pleaded copyright work is a substantial reproduction of other copyright works in which the Claimant says it owns copyright. Identification of the work in which rights are alleged to subsist is a fundamental and essential part of a copyright claim. Claimants must put forward the correct artistic work so that defendants can defend themselves and courts can determine the controversy on the basis of the correctly framed pleadings. This is particularly the case in the IPEC.

40. Alternatively, the Claimant made what its counsel described as a "contingent application" for permission to amend its pleadings to delete the depicted Work from the Particulars of Claim, and substitute instead the Flaming O Device.
41. Counsel for the Claimant's application also proposed to amend paragraph 6 of the Particulars of Claim as follows:

In the creation of the Work, Mr Warburton senior expended a significant original and artistic effort. The Work is the expression of Mr Warburton senior's own intellectual creation. That intellectual creation was expressed in particular through the creation of the appearance of the flame effect element of the Work, and the shape, size and position of the ~~white nearly-circular element, the selection of the colours of the Work, and the selection of the font and colour and position of the word "Corneton" within the Work.~~

42. That contingent application was made in counsel for the Claimant's reply speech, in the last half hour of the trial. I rejected that application for the reasons I gave at the time.
43. As a result, I can deal with the Claimant's copyright case briefly. According to the evidence of Michael Senior, he did not create the Work – indeed, he considered the Work to have been created by the Defendants "shortly before 2013". Issue 1 must therefore be answered in the negative – the Work is not an original artistic work created by Michael Senior. Therefore, issue 8 must also be answered in the negative – the Defendants have not infringed copyright in the Work contrary to sections 16(1)(a), (b) and (e) of the CDPA. Issue 17 therefore does not arise, as the Defendants do not need a defence of estoppel or acquiescence in relation to the Claimant's copyright claim.

Did the Claimant own protectable goodwill in 2003?

44. As noted above, the Defendants originally pleaded that the Claimant and First Defendant entered into a partnership when the First Defendant was established in 1989, and operated as a partnership between 1989 and 2003. That allegation became untenable following the cross-examination of Mr Aitchison, and was therefore dropped on the morning of the

second day of the trial. There is therefore no need for me to decide anything about the Claimant's goodwill in 1989: clearly, the two businesses operated side by side, and consensually, between 1989 and 2003. The Defendants admit that they were using signs which include the word CORMETON with the consent of the Claimant, and could not have done so without that consent.

45. By the end of their counsel's closing speech, the Defendants did not contest that the Claimant owned protectable goodwill in 2003 at the time of the separation of the two businesses – indeed, they averred that the First Defendant had, by virtue of what was agreed in 2003, been granted a licence to use various indicia, a licence the First Defendant would not have needed if goodwill in CORMETON were owned by the First Defendant and which the Claimant could not give if it did not own the relevant goodwill.

What was agreed when the parties separated in 2003?

46. What matters next is what happened in 2003. Both sides say that there was an agreement reached at that time between Michael Senior and Mr Aitchison, and that the terms of that agreement governed use of the Signs and the CE Sign thereafter. Both sides agree that £240,000 was paid to Michael Senior. However, both sides take different views on (a) whether there was a written agreement and (b) what the terms were of the agreement that was reached.

Was there a written agreement?

47. The Defendants submitted that the agreement reached between Michael Senior and Mr Aitchison was negotiated by solicitors and partially reduced to writing, although no copy of or reference to it can be found despite each side saying that it had met its disclosure obligations. The Claimant says that the agreement was reached orally – on a hand shake - and not reduced to writing.
48. During his closing speech, counsel for the Defendants conceded that it does not matter whether the agreement was in writing (and lost) or concluded orally – what matters are the terms that were agreed. However, as the point was argued before me, and submissions were made suggesting my findings on this point may influence my findings on other issues, I will deal with the point briefly.
49. To support the existence of a written agreement, the Defendants relied on the following:
- i) Mr Aitchison's evidence that each party instructed solicitors – with the First Defendant instructing Williamsons Solicitors and Michael Senior instructing Samuel Phillips & Co.
 - ii) Mr Aitchison's evidence that a "bill of sale" document was drawn up setting out the terms.
 - iii) As a large sum of money was changing hands, it was submitted that it was likely that the parties would not have relied on a simple handshake.
 - iv) A letter was found from Williamsons stating "Following completion of the purchase of shares from Mike Warburton..." but dealing with other matters.

50. To support the existence of an oral agreement, the Claimant relied on the following:
- i) Michael Senior's evidence that there was no written document, but rather the agreement was "concluded on a handshake"; he said that he and Mr Aitchison were "good friends" at the time, and the split of the companies was "entirely amicable". Advice was taken from the accountant shared by the Claimant and the First Defendant, but no solicitors were instructed. At the time, neither Michael Senior nor Mr Aitchison considered it necessary.
 - ii) Neither side has been able to find a copy of any written agreement or any reference to it. None was disclosed (though each side criticised the adequacy of the other's disclosure).
 - iii) Michael Senior thought that Mr Aitchison may have been confused with the sale of shares in another company, Cormeton Fire Limited, which sale was undertaken by solicitors and reduced to writing.
51. Counsel for the Defendants described the situation as "murky". That seems to me to overstate things. For my part, I find it highly unlikely, even taking into account the criticisms made of the disclosure on both sides, that such a document can have come into existence, and been handled by two firms of solicitors and the Claimant and First Defendant as comparatively recently as 2003, without leaving any trace, digitally or otherwise. There had been instances of actual confusion prior to 2003, and they continued once the First Defendant had relocated. Had there been a written agreement, it seems to me very likely indeed that the Claimant would have looked for it then and raised it with the First Defendant. As far as I can tell, neither party raised the existence of a written agreement until the Defendants filed their Defence. It therefore follows that I prefer Michael Senior's evidence on this point, as it accords more readily with the business reality. A large sum of money changed hands, but there was a document trail for the transfer of the shares, and the deposit of the money. Michael Senior and Mr Aitchison were good friends, who continued to refer work to each other for more than a decade thereafter. I accept that neither felt it was necessary to pay solicitors to draw up an agreement. This was not the splitting of a partnership: one of two collocated but separate businesses decided it needed bigger premises, and moved out. That did not require the involvement of solicitors. Whilst I do not need to decide the matter, it seems to me that Michael Senior's explanation for Mr Aitchison's confusion is likely accurate.
52. Both counsel suggested that the resolution of this particular sub-dispute could assist me in establishing what was actually agreed in relation to use of the name. I disagree. In preferring Michael Senior's evidence that there was no written agreement, I am concluding only that Mr Aitchison has mis-remembered, and has done so, in my judgment having watched him give evidence, without malice. Mr Aitchison's incorrect recollection of *how* the agreement was concluded does not tell me anything about *what* agreement was concluded, particularly when the parties are agreed as to the existence of an agreement and a number of its terms.

What was agreed?

53. As noted above, both sides say that an agreement had been reached. I was not asked to determine all the terms of that agreement – only those relevant to use of the name

CORMETON by the First Defendant. It is useful at this point to return to the pleadings. The Claimant states:

“...in 2003, the Claimant acting through Michael Warburton senior, and the First Defendant acting through the Second Defendant, orally agreed a contract under which the First Defendant was granted a licence of the following limited extent:

19.1 The First Defendant was permitted only to use the word “Cormeton” as part of the term “Cormeton Electronics Limited”. The First Defendant was expressly prohibited from using the name “Cormeton” alone.

19.2 The First Defendant’s business under the name Cormeton Electronics Limited would be limited to the supply and sale of electrical safety equipment, and would not undertake the supply and sale of fire protection equipment.

19.3 The First Defendant was not permitted to use the Work.”

54. The Defendants in their Defence and Counterclaim allege that the terms of separation included the following:

“b. The Claimant would continue to operate in the field of mechanical fire protection and the First Defendant would continue to operate in the field of fire and safety electronics;

c. The Claimant could continue to trade in mechanical fire protection under the name “Cormeton Fire Protection” [and] the First Defendant could continue to trade in fire and safety electronics under “Cormeton Electronics”, and both parties could use “Cormeton” (and figurative variants), the Work and the Flaming O Device as before;

d. Unless a customer required either party to carry out all fire and safety electronics and mechanical fire protection work itself, or where such sharing or work was impractical (eg in combination mechanical and electrical systems) the Claimant and the First Defendant would subcontract work to the other in the same matter as described ... above. Therefore the First Defendant was, at least to a limited extent, permitted to trade in the mechanical fire protection business;

...

g. The First Defendant would operate its website at www.cormeton.co.uk and the Claimant was free to set up another website at a separate domain name (which was eventually set up in 2010 at www.cormetonfireltd.co.uk).

55. It is therefore common ground that the First Defendant would operate only in the supply and sale of electrical safety equipment.

56. The portion of the Defence which I have extracted above mentions a controversy in relation to the Claimant and the First Defendant referring work to each other. Both sides

claim that there had been an agreement to that effect, but that that agreement had come to an end. I therefore need say no more about it.

57. I turn now to the evidence. Michael Senior and Mr Aitchison each gave written evidence in line with the pleaded cases of the Claimant and the Defendants respectively. Each was cross-examined (as I have said, skilfully) and did not shift meaningfully from their respective pleaded position.
58. Under cross-examination, Michael Senior maintained his position that he had agreed with Mr Aitchison that the First Defendant could keep using CORMETON ELECTRONICS LIMITED “without using any of the logos, Cormeton on its own [or] with the Flaming O [Device]”. He further said: “[Mr Aitchison] asked me if he could continue using the name Cormeton Electronics Limited and I said yes, but there was no mention of using the logos or the Flaming O [Device], that was not in the conversation”. He accepted that he did nothing between 2003 and 2015 to prevent uses by the First Defendant with which he (on behalf of the Claimant) was unhappy.
59. Mrs Warburton was slightly clearer. She accepted in terms that, after separation, “both parties traded in substantially the same way as they did before separation”. Mrs Warburton said she had never seen the First Defendant’s website. She stated that the Claimant traded as “Cormeton Fire Protection” and the First Defendant traded as “Cormeton Electronics”.
60. There was also a controversy over several emails sent by Mrs Warburton to Mr Rush. That controversy went no-where, but I must address it briefly. At the time of the email exchanges (2015 and 2016), Mrs Warburton and Mr Rush were what she described as “good friends”. On 31 March 2015, Mrs Warburton emailed Mr Rush in relation to an approach to quote for electronic fire protection required for the student accommodation at Leeds Trinity University. Mrs Warburton identified the email she had received as being meant for the First Defendant. She forwarded the email chain to Mr Rush, noting:
- “I know it was one of the worst mistakes [Michael Senior] made by allowing logo and name to be carried on. Do you think [Mr Aitchison] would consider having your correct name for your web site? Cormeton Electronics instead of Cormeton Fire?”
61. A further email followed where Mr Rush had received an enquiry meant for the Claimant, and passed it on to Mrs Warburton. Mrs Warburton responded to Mr Rush:
- “Worst thing we did allowing [Mr Aitchison] to continue using “Cormeton” name. More confusion than ever with our customers due to the web address & emailing. We get at least 2-3 phone calls a day for Electronics”.
62. In addition, Mr Rush said that he had had a number of conversations with Mrs Warburton where she had raised incidents of confusion, saying “[Mrs Warburton] would often ask me to speak to [Mr] Aitchison and see whether we would consider changing our name or using an abbreviation of the name or something because [Michael Senior] wishes he had never allowed us to continue using the name and logo.” Mrs Warburton’s second witness statement denied that she had had “many” conversations with Mr Rush. She also denied

that the interpretation Mr Rush put on the emails in his written testimony was the correct one: she said Mr Rush “is implying things from my emails that simply are not there”.

63. Mrs Warburton was not asked in cross-examination about the emails, or about the conversations with Mr Rush – I therefore accept what she said in her witness statements about both topics. That is, I accept that the reference in those emails to CORMETON is a reference to use of CORMETON as part of CORMETON ELECTRONICS, and is not a suggestion that the Claimant had in 2003 or by 2015 consented to the First Defendant’s use of CORMETON on its own. Put another way, Mrs Warburton’s emails are to be understood as consistent with her other evidence that the 2003 agreement was that the First Defendant could not use CORMETON on its own. I cannot find in Mrs Warburton’s email any admission that the Claimant had, in 2003 or prior to 2015, consented to the First Defendant’s use of CORMETON on its own. Nor can I glean that from Mr Rush’s written or oral testimony. I understand the emails to record that, with the benefit of hindsight, Michael Senior on behalf of the Claimant considered that he ought to have made the First Defendant rebrand in 2003 to a name which did not include CORMETON: Michael Senior accepted as much in cross-examination. The emails say no more than that.
64. Mr Aitchison’s oral evidence was in line with his written evidence. He denied that the First Claimant was to be restricted to using its full name (including Limited). He said that the First Defendant largely traded as CORMETON ELECTRONICS following 2003, but that in 2016, uses of CORMETON on its own increased, including, for example, on the First Defendant’s vans. Similarly, the website at the Domain Name mostly referred to CORMETON ELECTRONICS or the full corporate name of the First Defendant, but in 2016 started to use CORMETON on its own. Mr Aitchison was also asked about his claim in his witness statement that “hundreds” of documents sent by the First Defendant to the Claimant used just CORMETON. There were before the Court approximately five documents that fell within that category – no more had been disclosed by either side. Mr Aitchison refused to accept that there were not “hundreds” – he felt that they must have been destroyed as part of a data purge to create storage space.
65. As I have already said, all witnesses were attempting to give their evidence honestly on this point – I do not consider that any of them set out to mislead the Court. However, their versions of events differ, and they cannot all be right.
66. Counsel for the Claimant submitted that Michael Senior’s account was “by far the more likely”. Recognising that the companies would be going their separate ways, he submitted, there would be no reason to permit the First Defendant to continue to use CORMETON without qualification. He submitted that it was much more likely that the First Defendant was only entitled to use CORMETON as part of CORMETON ELECTRONICS LIMITED so as to distinguish it from the Claimant’s business.
67. In my judgment, it is most likely that the agreement reached (orally, as I have found) was that the First Defendant’s use of CORMETON could continue as before. The Claimant, as the original owner of the CORMETON name, agreed to the First Defendant continuing to use the CORMETON name as it had been when collocated at Seaton Delaval. This included the ability to use CORMETON ELECTRONICS. I consider it extremely unlikely that the agreement reached was that the First Defendant could only use CORMETON ELECTRONICS LIMITED – this flies in the face of both common

business practice (which is to leave off the LIMITED except in formal business papers), and also what then happened, without complaint from the Claimant, for a further 12 or so years.

68. In relation to CORMETON on its own, Michael Senior described it as an “umbrella” brand, under which both the Claimant and the First Defendant traded between 1989 and 2003. Michael Senior gave oral testimony as follows: “I assumed that when [Mr Aitchison] left from under the umbrella of Cormeton, he would continue to use Cormeton Electronics Limited as his name without using ... Cormeton on its own ...”. I accept this evidence, again, because it is the only position consistent with common business practice and with what then happened for the next 12 or so years. Michael Senior had seen the First Defendant’s business grow, including because it now required new premises. He was aware that the supply and sale of electrical safety equipment was more profitable than the mechanical fire protection business. He was also aware by 2003 that there had already been examples of consumers confusing the Claimant and the First Defendant. He must therefore have been aware of the risk of “swamping” (although he may not have called it that) had he allowed the First Defendant to trade as only CORMETON, without the qualifier ELECTRONICS. Further, this is what in fact happened. I was taken to a small number of documents (as I have said, approximately 5) which counsel for the Defendant suggested prove that the First Defendant continued to use CORMETON on its own after it stepped out from under the umbrella brand in 2003. I do not accept that is what those documents do, because each also includes uses of CORMETON ELECTRONICS. Further, and more importantly, Mr Aitchison accepted in cross-examination that he had used CORMETON ELECTRONICS from 2003 until about 2016, when uses of CORMETON on its own increased. At that point, the relationship between the Claimant and the First Defendant had already broken down. I therefore do not consider that the First Defendant’s uses after 2016 tell me anything about what was agreed in 2003.
69. In relation to the Domain Name, Michael Senior agreed in cross-examination that the Claimant had agreed that the First Defendant could set up the Domain Name in May 1998. The Claimant was also aware that the First Defendant continued to use the Domain Name following the First Defendant’s relocation in 2003. Michael Senior mentioned in cross-examination that he was “certainly not happy with it” after 2003. However, he accepted both that the Claimant had no right to require the First Defendant to cease using the Domain Name, and that in fact the Claimant never objected to the First Defendant’s use of the Domain Name. No request was made for it to be abandoned or transferred to the Claimant, and no attempt was made through the Nominet dispute resolution process to have the domain name transferred to the Claimant. Rather, he said that it “would have been the honourable thing to do to change it when we separated”.
70. Michael Senior said that he is not very technologically savvy: he did not have a computer in his office, and so was not aware of what the website at the Domain Name looked like from time to time in the period from its setting up until after 2003. Even so, he accepted he was aware of the use of the Domain Name from 1998, and continuing after 2003. As I have said, he said he was “not happy with it”. But he did not take any action. Rather, in 2010, the Claimant set up its own domain name. It is inconceivable that, by that time, if the Claimant considered that the First Defendant should not have been using the domain name, it did not take steps to stop the First Defendant from so doing. In my judgment, in

agreeing to “carry on as we were”, the Claimant agreed to the First Defendant continuing to use the Domain Name.

71. Both sides were agreed that from 2003 to 2015, they proceeded amicably. They were in frequent contact – and any difficulties which arose, such as customer confusion or misdirected payments, were sorted out. During this time, the Claimant largely kept to a mechanical fire safety business, and the First Defendant largely kept to the supply and sale of electrical safety equipment, sub-contracting to each other as necessary. The Claimant referred work to the First Defendant, and vice versa. This supports the position now accepted by both sides that the First Defendant would operate only in the supply and sale of electrical safety equipment.
72. Therefore, in my judgment, the oral agreement between the Claimant and the First Defendant in 2003 included (relevantly) the following terms:
 - i) The First Defendant could continue to trade under CORMETON ELECTRONICS and CORMETON ELECTRONICS LIMITED;
 - ii) The First Defendant could continue to use the Domain Name; and
 - iii) The First Defendant would not trade under CORMETON, CORMETON ELECTRONICS or CORMETON ELECTRONICS LIMITED in relation to mechanical fire protection goods and services – rather it would only trade in the supply and sale of electrical safety equipment.
73. Prior to the hand-down of this judgment, a draft was distributed to the parties in the usual way. Counsel for the Defendants provided me with written submissions (to which Counsel for the Claimant responded in writing) urging me also to find that the agreement in 2003 included an additional term – that the *Claimant* would not offer under a name including CORMETON the supply and sale of *electrical* safety equipment. I had not included such a finding in my draft judgment because it was not necessary for me to do so to reach the conclusions I was asked to reach (see paragraph 13 above). However counsel for the Defendants submitted that, given the need for commercial certainty, I should have stated in my findings of fact all the material terms of the 2003 agreement. Alternatively, he submitted that I should have found that the correct term of the agreement was that the parties were each limited to their respective fields in 2003.
74. Counsel for the Claimant responded that that was not a finding open to me, because (a) there was no counterclaim to enforce any terms which placed any obligations on the Claimant; (b) the matter before the court was the scope of the licence granted by the Claimant to the First Defendant; (c) it was not part of the Defendants’ pleaded case that the agreement contained any reciprocal provisions; and (d) it was the Defendants’ case that any obligations beyond the licence from the Claimant to the First Defendant had been terminated.
75. As set out above, I had not included such a finding because it does not assist me in determining the issues before me: there was no counterclaim for any relief of that nature (including, for example, a declaration that those were the terms of the contract). I am mindful that the term was included in the Defendants’ pleaded position: as I have discussed at paragraph 54 above, the Defendants’ position was set out in the Defence and Counterclaim. But no remedy was or is sought. I am also mindful that the parties agreed a

list of issues (set out at paragraph 11 above) that was then attached to an order of the Court: that list includes: “What was agreed between the parties when they ceased working together in 2003?”. That question was also included in counsel for the Claimant’s written skeleton argument, and he addressed me on it, and the Defendants’ position, in closing.

76. Had the Defendants sought a declaration as part of their Counterclaim, things might have been different. In the IPEC, such specificity is required. To determine the case before me, it is not necessary for me to address the obligations which the Defendants say were placed on the Claimant.
77. If I am wrong in that, then I would have had no hesitation in concluding that it was a term agreed in 2003 that the Claimant would not trade in the supply and sale of electrical safety equipment. As I have set out, it was Mrs Warburton’s evidence that Michael Senior and Mr Aitchison agreed that the Claimant and First Defendant would, after 2003, keep trading as they had been. It was Michael Senior’s evidence “that each company would not encroach on to the specialist area of the other (so [the Claimant] would not do electronics work, and [the First Defendant] would not do fire protection work.)” Mr Aitchison said the same thing. And that is what then happened for over a decade. I therefore am satisfied that it was a term of the oral agreement in 2003 that the Claimant would not trade under the name CORMETON in relation to the supply and sale of electrical safety equipment.
78. It therefore follows from my conclusions at paragraph 72 above that the bulk of the First Defendant’s business (that is, the supply and sale of electrical safety equipment carried out under CORMETON ELECTRONICS and the use of the Domain Name) is being carried out pursuant to the licence granted by the Claimant in 2003. The Claimant, through the evidence of Michael Senior, accepts that it cannot unilaterally withdraw that licence. That means that, in relation to that activity, the Defendants’ case in relation to honest concurrent use, estoppel, acquiescence and invalidity of the Mark does not arise. It may continue to trade under the licence granted in 2003. But I need to address the trade mark infringement and passing off case in relation to those aspects of the First Defendant’s business that fall outside the licence – that is, use of CORMETON on its own, and use of the Signs and the CE Sign in relation to the mechanical fire protection goods and services. In doing so, I also need to address the “defences” raised by the Defendants: invalidity of the Mark, revocation of the Mark, honest concurrent use, estoppel and acquiescence. Prior to considering infringement, I turn to the issue of the validity of the Mark.

Is the Mark invalid or liable for revocation?

79. The Defendants allege that the Mark is invalid under section 3(3)(b) of the TMA and/or liable to revocation under section 46(1)(d) of the TMA.

Invalidity pursuant to section 3(3)(b) of the TMA

80. Section 3(3)(b) of the TMA states:

“A trade mark shall not be registered if it is-

...

(b) of such a nature as to deceive the public (for instance as to the nature, quality or geographical origin of the goods or services).”

81. There are materially identical provisions in Article 3(1)(g) of Directive 2015/2436 and Article 7(1)(g) of Regulation 2017/1001, and their predecessors Directives 89/104/EEC and 2008/95/EC and Regulations 40/94 and 207/2009.
82. Section 3(3)(b) sits in the TMA under the heading “Absolute grounds for refusal of registration”. The Defendants submitted that the relevant date for assessment of invalidity was either the date of application (12 May 2016) or the date of registration (2 September 2016) but that it did not matter which for the purposes of this case.
83. The Defendants submitted that the section was engaged because of the use that has been made of the Mark by the Claimant and the First Defendant since 2003. As a result, the Defendants alleged that there has been at least a partial separation of goodwill from the ownership of the Mark, and hence the Mark can no longer represent a single undertaking. The Mark has therefore become misleading. CORMETON is now perceived by the public as relating to separate businesses run by each of the Claimant and the First Defendant.
84. I can deal with this point briefly. Whilst passionately argued, the Defendants’ position is untenable at law as well as on the facts of this case.
85. First, in relation to the law, as I have already noted, section 3(3)(b) is in the part of the TMA which deals with absolute grounds of refusal. Absolute grounds are those that pertain to the mark itself – for example, marks devoid of distinctive character, marks which denote kind or quality, certain types of shape marks, and marks contrary to public policy. That is already a clear guide to the interpretation of section 3(3)(b) – it is clearly not aimed at preventing registration of marks in which a third party may own rights.
86. Next, the section itself lists, albeit non-exclusively, examples of types of mark which may deceive the public – “for instance as to the nature, quality or geographical origin of the goods or services”. Counsel for the Defendants submitted that this list is not closed, and I accept that submission. But the examples given are all absolute grounds examples, concerned with deception about the nature of the goods or services on offer. None of the examples given relates to the message that may be conveyed about the business origins of the goods or services provided under the mark.
87. Third, this position is entirely consistent with the limited case law on section 3(3)(b) and its equivalents in the EU instruments I have referred to above:
 - i) In Case C-259/04 *Elizabeth Florence Emanuel v Continental Shelf 128 Ltd* [2006] ETMR 56, Ms Emanuel, a famous dress designer, had sold the goodwill in her business along with earlier trade marks and applications protecting her name. The new owner sought to register another trade mark for ELIZABETH EMANUEL, which Ms Emanuel opposed under the EU equivalent of section 3(3)(b). She failed, the Court of Justice noting:

At paragraph 48: “even if the average consumer might be influenced in his act of purchasing a garment bearing the trade mark ELIZABETH EMANUEL by imagining that [Ms Emanuel] was

involved in the design of that garment, the characteristics and the qualities of that garment remain guaranteed by the undertaking which owned the trade mark.”

At paragraph 49: “Consequently, the name Elizabeth Emanuel cannot be regarded in itself as being of such a nature as to deceive the public as to the nature, quality or geographical origin of the product it designates.”

At paragraph 50: even if there were “an intention on the part of the undertaking which lodged the application to register that mark to make the consumer believe that Ms Emanuel is still the designer of the goods bearing the mark or that she is involved in their design”, that, whilst possibly fraudulent, “could not be analysed as deception for the purposes of Article 3 of Directive 89/104.”

- ii) In *Melly’s Trade Mark Application* [2008] ETMR 41, Mr Geoffrey Hobbs QC sitting as the Appointed Person was asked to assess under section 3(3)(b) trade marks for the names of the three largest political parties in the Republic of Ireland, which had been applied for by someone unconnected with the political parties. Referencing *Emanuel*, he said at paragraph 43 of his decision:

“Section 3(3)(b) prevents registration on the basis of “absolute” rather than “relative” deception. That is to say, it strikes at misrepresentations as to what is being made available rather than misrepresentations as to who is responsible for making it available”.

- iii) In *Sworders Trade Mark* (Case O-212-06), Mr Allan James on behalf of the Register of Trade Marks said the following:

“22. ... The purpose of the provision is consumer protection – see paragraph 46 of the judgment of the ECJ in Case C-259/04, *Elizabeth Florence Emanuel v Continental Shelf 128 Limited* – rather than the protection of earlier unregistered rights.

23. Put simply, section 3(3)(b) cannot be used as a legal basis for objections based on earlier unregistered trade marks, which fall to be considered solely under section 5(4)(a) of the [TM] Act.”

- iv) In Case C-689/15 *WF Gözze Frottierweberei v Verein Bremer Baumwollbörse* [2017] Bus LR 1795, the Court of Justice rejected an application to invalidate a mark under the EU equivalent of section 3(3)(b) where the proprietor had failed “to ensure, by carrying out periodic quality controls at its licensees, that expectations relating to the quality which the public associates with the mark are being met”. The Court referred to the mark needing to create “*per se* such a risk” of deception (at paragraph 55).

These four decisions speak with one voice – section 3(3)(b) of the TMA refers to *per se* or absolute grounds.

88. Fourth, if the Defendants are right, their interpretation would drive a coach and horses through the relative grounds provisions in section 5 of the TMA. All an earlier right owner would need to do would be to allege public deception, without first having to comply with the requirements for identical or similar marks, identical or similar goods/services, or ownership of a mark with reputation. This cannot be what the legislature intended.
89. Therefore, in my judgment, section 3(3)(b) of the TMA is not engaged where the only “deception” is as to who is using the mark to provide goods or services. That sort of deception is remediable under the relative grounds for refusal of registration to be found in section 5 of the TMA. The Defendants’ application for invalidity under section 3(3)(b) fails.
90. If I am wrong in that, and this ground of invalidity is open to the Defendants as a question of law, then the Defendants also fail on the facts. The bulk of the First Defendant’s use was licensed by the Claimant, and therefore the Claimant held the relevant goodwill. As a result, the Mark cannot be misleading. No claim was made that the non-licensed use had rendered the Mark misleading. The Defendants’ invalidity claim therefore also fails on the facts.

Revocation pursuant to section 46(1)(d) of the TMA

91. Section 46(1)(d) of the TMA provides:

“The registration of a trade mark may be revoked on any of the following grounds –

...

(d) that in consequence of the use made of it by the proprietor or with his consent in relation to the goods or services for which it is registered, it is liable to mislead the public, particularly as to the nature, quality or geographical origin of those goods or services.”

92. Section 46(1)(d) implements provisions of equivalent scope in Article 20(b) of Directive 2015/2436 (also found in Article 12(2)(b) of previous Directives 2008/95 and 89/104). Equivalent provisions can also be found in Article 58(1)(c) of Regulation 2017/1001 (also found in Article 50(1)(c) of Regulation 40/94 and Article 51(c) of Regulation 207/2009).
93. The Claimant submitted that the date for assessment was the date of the application for revocation, in this case, the date of the Defendants’ counterclaim (8 August 2019).
94. The Defendants submitted that the deceptiveness arises from the permission granted by the Claimant prior to 2003, under the terms agreed in 2003, and the otherwise uncontrolled licensing of the Mark (before and after its registration) such that the public has come to regard the Mark as representing two separate businesses – those of the Claimant and the First Defendant. Even if the Mark was not deceptive under section 3(3)(b) at the time of application or registration in 2016, the Defendants submitted that it had become so by 2019 as a result of the further use made of the Mark.

95. Again, I can deal with this point briefly. In *Emanuel*, the Court of Justice, having considered the EU equivalent of section 3(3)(b), was asked to consider the EU equivalent of section 46(1)(d). For ease, I have substituted the section numbers of the TMA into the following excerpt from the Court of Justice’s judgment at paragraph 53:

“53. Since the conditions for revocation laid down by [section 46(1)(d)] are the same as those for the refusal of registration under [section 3(3)(b)], analysis of which has formed the subject of the reply to the first two questions, the reply to the last two questions must be that a trade mark corresponding to the name of the designer and first manufacturer of the goods bearing that mark is not, by reason of that particular feature alone, liable to revocation on the ground that that mark would mislead the public, within the meaning of [section 46(1)(d)], in particular where the goodwill associated with that mark has been assigned together with the business making the goods to which the mark relates.”

96. Counsel for the Defendants relied on the decisions of the Court of Appeal and House of Lords in *Scandecor Development AB v Scandecor Marketing AB* [1999] FSR 26 and [2002] FSR 7. I do not consider that those judgments assist the Defendants. The House of Lords was unable to reach a concluded view, and referred various questions to the Court of Justice for a preliminary ruling. The dispute settled prior to the Court of Justice giving that ruling, so the referred questions were never answered. The learned authors of Kerly’s *Law of Trade Marks and Trade Names*, 16th ed (2018) note at paragraph 12-170:

“The facts in *Scandecor* [2002] FSR 7 were complicated. Due to the fact that the case settled before the questions referred by the House of Lords to the ECJ were considered, it is somewhat difficult to predict what the outcome would have been. The case does not really shed much light on s.46(1)(d) other than emphasising that it raises an issue of fact.”

97. Further, the judgments in *Scandecor* pre-date the clear statement of the Court of Justice in *Emanuel*, which I have set out above.
98. In my judgment, for the same reasons as I have set out above in relation to section 3(3)(b) of the TMA, section 46(1)(d) of the TMA is not engaged where the only “deception” is as to who is using the mark to provide goods or services. That sort of deception is remediable under the relative grounds for revocation of a registration. The Defendants’ application for revocation under section 46(1)(d) also fails.
99. Again, if I am wrong in my findings on the law, the Defendants again fail on the facts for the same reasons as are set out at paragraph 90 above.

Has the First Defendant infringed the Mark?

100. Given my findings in relation to what was agreed in 2003, I can deal with this point briefly, as it arises only if I am wrong, and it arises in any event in relation to a minor and more recent aspect of the First Defendant’s business:

- i) Use by the First Defendant of CORMETON on its own; and

- ii) Use by the First Defendant of the Signs and the CE Sign in relation to mechanical fire protection goods and services.

101. The parties were agreed as to the law to be applied in relation to trade mark infringement. It is well known, and I do not need to set it out here.

Identity/similarity of Mark/Signs/CE Sign

102. The Defendants admit identity and similarity of the Mark and CORMETON. The Defendants admit similarity of the Mark to the Domain Name. The Defendants admit similarity of the Mark to the CE Sign. However, the Defendants deny similarity of the Mark to the Work and/or the Device. Clearly, as the Work and the Device include obviously and in full the word CORMETON and no other word or words, they are clearly similar to the Mark, such that it is difficult to see why a denial was pleaded. As the device elements will not be pronounced, and have no conceptual meaning that is not allusive of fire protection services, in my judgment, the Work and the Device are highly similar to the Mark. Therefore, in my judgment, all the Signs and the CE Sign are highly similar to the Mark.

Identity/similarity of goods/services

103. The Mark is registered for a wide range of goods and services connected to fire safety which fall within Nice classes 6, 9, 37, 40, 41 and 45. The full specification is set out below:

Class 6: Breathing gas cylinders; parts and fittings relating to the aforementioned goods.

Class 9: Fire fighting and breathing apparatus; fire fighting apparatus and instruments; fire extinguishers for domestic use; fire extinguishers for commercial use; fire extinguishers for use in sea and river vehicles; fire extinguishers for use in land vehicles; automatic fire extinguishers; fire blankets; fire alarms; fire hose nozzles; fire hose reels; fire-fighting hoses; fire hose reel winders; fire detection instruments and apparatus; fire detection installations; fire extinguishing installations; dry risers; dry riser valves; wet risers; wet riser valves; fire extinguisher boxes; fire extinguisher stands; sprinkler apparatus and sprinkler fire detection instruments; fire and safety signage; parts and fittings for all of the aforesaid goods.

Class 37: Installation and maintenance of fire extinguishers; installation and maintenance of fire hoses and fire hose reels; installation and maintenance of fire detection systems; installation and maintenance of fire extinguishing and suppression systems; filling of breathing apparatus; filling of underwater breathing apparatus; filling of nitrogen and/or carbon dioxide and/or helium and/or oxygen gas cylinders for domestic or commercial use; consultancy services in relation to the aforesaid services.

Class 40: Custom manufacture of hose reel winding machines and brushing machines.

Class 41: Education and training services relating to the use of fire fighting apparatus and equipment and fire risk; fire training; education and training services relating to health and safety; publishing training material in fire safety; publishing training material in health and safety.

Class 42: Inspection and testing of fire extinguishers; inspection and maintenance of breathing apparatus; inspection and testing of underwater breathing apparatus; inspection and testing of nitrogen and/or carbon dioxide and/or helium and/or oxygen gas cylinders.

Class 45: Fire risk assessment; Fire safety risk assessment and consultancy services; consultancy services relating to fire detection and suppression systems; fire hazard analysis; fire safety consultancy and advice.

104. In its Particulars of Claim, the Claimant alleged that the First Defendant used the Signs and the CE Sign in relation to the following goods and services:

“fire alarms; intruder/burglar alarms; cctv systems and components; access control systems and components; emergency lighting; induction loops fire & smoke damper test and inspection; weekly fire alarm testing’ automatic gas extinguishing systems; disabled refuges; remote monitoring; and services related to the aforesaid goods and services of surveying, designing; installing; commissioning; maintaining; repairing and responding to alarms or alerts from such goods.”

(the **First Defendant’s Goods/Services**).

105. The Defendants admitted in their Defence and Counterclaim use of the Signs and the CE Sign in relation to the First Defendant’s Goods/Services, but, unhelpfully, did not say which were admitted to be identical/similar to those for which the Mark is registered, and which were not. Following the trial, counsel for the Defendants provided me with a list of goods/services which he said were not similar/identical to those for which the Mark is registered:

“Intruder / burglar alarms; closed circuit TV systems and components; access control systems and components; emergency lighting; induction loops; disabled refuges; remote monitoring; fire and smoke dampers; and services for the surveying, designing, installing, commissioning, maintaining, repairing and responding to alarms or alerts in relation to each of the above.”

106. It seems to me that on any analysis, the goods/services listed above are at least similar to those for which the Mark is registered. The uses of the respective goods/services are similar – the protection of people and property. The users of the respective goods/services are the same – building and property owners in need of protection (as made clear by the shared clients of the Claimant and the First Defendant). The trade channels through which the goods or services reach the market are the same (the Claimant and the First Defendant operated a “one stop shop” for over a decade). The respective goods and services could also be said to be in competition with each other (that is the very reason for this dispute).

107. Therefore, in my judgment, all of the First Defendant's Goods/Services are at least similar to those for which the Mark is registered, and the following are identical to those for which the Mark is registered (the **Identical Good/Services**):

“fire alarms” are identical to “fire alarms”;

“fire & smoke damper test and inspection” falls within “maintenance of fire detection systems” and/or “maintenance of fire suppression systems”;

“weekly fire alarm testing” falls within “maintenance of fire detection systems”; and

“automatic gas extinguishing systems” falls within “fire extinguishing installations”.

Reputation

108. The Defendants' Defence and Counterclaim did not admit the reputation that the Claimant claimed to have in the Mark, but their counsel did not address me on the issue. There was ample evidence before me to meet that low hurdle and I so find. The Mark has reputation, at least in relation to fire extinguishers and services related to them.

Section 10(1) infringement

109. As the Defendants have admitted that the First Defendant uses CORMETON, and have admitted that it is identical to the Mark, and as I have found that the Identical Services are identical to those for which the Mark is registered, I find that there would be trade mark infringement under section 10(1) of the TMA in relation to the Identical Services (subject to the licence I have discussed above).

Section 10(2) infringement

110. All four of the Signs and the CE Sign are highly similar to the Mark. The First Defendant's Goods/Services are identical or similar to those for which the Mark is registered. There would be, in my judgement, a likelihood of confusion, such that there would be trade mark infringement under section 10(2) of the TMA (subject to the licence I have discussed above). Indeed, the Defendants pleaded confusion in their positive case on invalidity of the Mark. Counsel for the Defendants accepted that I therefore do not need to review the evidence of alleged actual confusion that was before the Court – I can find likelihood of confusion without doing so. I have no hesitation in so finding, given that the Mark is a made up word with a high inherent distinctive character, and the Signs and the CE Sign are identical or highly similar to the Mark and the goods/services are identical or similar to the goods/services for which the Mark is registered. The evidence of actual confusion supports that conclusion.

111. Enhanced distinctive character through use is set out in the list of issues, but it was not referred to before me. If found, it would serve to support the conclusion on infringement I have just reached.

Section 10(3) infringement

112. Both sides accepted that section 10(3) does not take matters any further for the Claimant, and therefore it was not argued before me at any length. The Defendants accepted that there has been a link created in the minds of relevant consumers in respect of fire alarms. In case things go further, given the identity/high similarity of each of the Signs and the CE Sign with the Mark, I find a link in relation to all the First Defendant's Goods/Services.
113. The Defendants argued that, on the facts of this case, it was the Claimant who was getting an unfair advantage from its association with the First Defendant, not the other way around. Be that as it may (and I do not need to reach a conclusion), the essence of section 10(3) is the loss of control of the trade mark owner over use of its trade mark. In my judgment, the First Defendant's use of the Signs and the CE Sign on the First Defendant's Goods/Services would take unfair advantage of and/or be detrimental to the distinctiveness and/or repute of the Mark (subject to the licence I have referred to above). Whilst the issue of due cause was set out in the list of issues, it was not argued before me other than in relation to the "defences" I have addressed elsewhere in this judgment. The Defendants do not have due cause.

Honest concurrent use

114. The Defendants rely on the doctrine of honest concurrent use to avoid a finding of trade mark infringement. As set out above, I have found that the bulk of the First Defendant's uses do not infringe the Mark because the First Defendant is acting under a licence granted by the Claimant to use the Mark. Counsel for the Defendants conceded that if the use was licensed, it cannot qualify as honest concurrent use. However, in case I am wrong in that, I set out my conclusions on honest concurrent use below.
115. I was referred to the judgment of HHJ Hacon (sitting as a High Court Judge) in *Bentley 1962 v Bentley Motors* [2019] EWHC 2925 (Ch) at paragraphs 85 to 97. That judgment provides a helpful summary of the review of earlier decisions of the Court of Justice (Case C-482/09 *Budejovicky Budvar NP v Anheuser-Busch Inc* [2011] RPC 11) and Court of Appeal (*IPC Media v Media 10* [2015] FSR 12) in the judgment of Henry Carr J in *Victoria Plum v Victoria Plumbing Limited* [2016] EWHC 2911 (Ch). At paragraph 74, HHJ Hacon summarised as follows:

"The case law to which I have referred establishes the following principles:

- (i) Where two separate entities have co-existed for a long period, honestly using the same or closely similar names, the inevitable confusion that arises may have to be tolerated.
- (ii) This will be the case where the trade mark serves to indicate the goods or services or either of those entities, as opposed to one of them alone. In those circumstances, the guarantee of origin of the claimant's trade mark is not impaired by the defendant's use, because the trade mark does not denote the claimant alone.

(iii) However, the defendant must not take steps which exacerbate the level of confusion beyond that which is inevitable and so encroach upon the claimant’s goodwill.”

116. Bentley Motors was refused permission to appeal HHJ Hacon’s rejection of the defence of honest concurrent use by both his Honour and by Floyd LJ in the Court of Appeal: *Bentley Motors Ltd v Bentley 1962 Ltd and Anor* [2020] EWCA Civ 1726.
117. Counsel for the Claimant submitted that honest concurrent use has never been successfully asserted in a case where the alleged infringer is a former licensee of the trade mark proprietor. Further, he submitted that “it cannot realistically be said that, where use was made by a defendant with the claimant’s permission, that it was “concurrent” use. It was use with the claimant’s consent.” I agree. Use under a licence is generally considered to be use that inures for the benefit of the trade mark proprietor. It would be odd indeed that a licensee, at the end of a period of trading under a licence, were able to say “I no longer need a licence because I have traded so long under the licence that you can no longer sue me for trade mark infringement: honest concurrent use protects me from infringement”. I therefore have no hesitation in rejecting the claim of honest concurrent use in relation to any services licensed under the 2003 agreement.
118. That leaves only those uses which fall without the 2003 licence – use of CORMETON on its own, and use in relation to mechanical fire protection goods and services. These, too, can be dealt with briefly. In relation to the former, whilst there were a handful of examples before the Court of uses of CORMETON on its own between 2003 and 2016, it was not seriously submitted that these were sufficient to establish honest concurrent use. For the uses that commenced in or around 2016 (the change of van livery, the changes to the website, the trading in relation to mechanical fire protection goods and services), I do not consider that the time between 2016 and the commencement of these proceedings in 2019 could be considered a “long period” within paragraph (i) of HHJ Hacon’s analysis in *Bentley Motors*. The time between the First Defendant’s first use with respect to mechanical fire protection goods and services and the Claimant’s complaining about it is even shorter. For this reason alone, no honest concurrent use can arise in relation to those uses. I also do not consider that that use was honest: beginning to trade for the exact services provided by the Claimant does not meet the First Defendant’s duty to act fairly in relation to the legitimate interests of the trade mark proprietor. Rather, to the contrary, the First Defendant, in starting to provide mechanical fire protection goods and services “has taken steps which exacerbate the level of confusion beyond that which is inevitable and so has encroached upon the [C]laimant’s goodwill”, to borrow the words of Henry Carr J in *Victoria Plum* (at paragraph 126).
119. I therefore reject this “defence” to trade mark infringement.
120. The Defendants’ uses under the terms of the 2003 licence do not infringe the Mark. The uses which fall outside the 2003 licence (being use of CORMETON on its own, and uses of the Signs and the CE Sign in relation to mechanical fire protection goods and services) infringe sections 10(1), 10(2) and 10(3) of the TMA.

Passing Off

121. The law on passing off is well known, and I do not need to set it out here.

122. Goodwill is alleged in the Mark and the Work, both in relation to safety and monitoring goods and services. In relation to the Work, as I have set out above, it was likely created by or on behalf of the First Defendants in or after 2013, and used by the First Defendants and not by the Claimants. Therefore, I reject the allegation that goodwill in the Work is owned by the Claimant. The passing off case so far as it relies on the Work therefore also fails.
123. In relation to the Mark, the Defendants have admitted protectable goodwill in the Mark, but submit that it is not owned by the Claimant. I have found, above, that the First Defendant uses the Mark as a licensee of the Claimant in relation to the bulk of its business. Still, the Defendants argue that there is no rule “in law or in equity” that the goodwill generated by the First Defendant’s use ought to be assigned to the Claimant. Rather, counsel for the Defendants submitted that “it depends on the circumstances” – as two separate companies, each trading on its own account, each of the Claimant and the First Defendant generated and owned its own goodwill. This submission appears to me to be a red herring – the Defendants have conceded that the Claimant had protectable goodwill in 2003 that has persisted since. That is all that matters. It does not matter if the First Defendant has also developed goodwill and it is unnecessary for me to decide whether or not it has (although I do not consider that it has).
124. The same reasons that give rise to infringement under sections 10(1) and 10(2) of the TMA also give rise to a misrepresentation for the purposes of passing off. The Defendants did not seriously suggest that damage would not follow. Therefore, in my judgment, the First Defendant’s use of the Mark amounts to passing off (subject to the licence I have referred to above).
125. The “defence” of honest concurrent use was also pleaded in relation to the passing off case, on the express basis of a defence, and on the alternative basis that as a result of the circumstances, passing off cannot take place. I do not need to decide whether honest concurrent use can operate as a standalone “defence” to passing off – I was not referred to any cases where that had occurred, and it seems to me unlikely. I have held above that the defence does not on the facts of this case apply to the allegation of trade mark infringement, and it similarly cannot apply to the passing off case, even if, as a question of law, the defence is able to operate. Similarly, I reject the allegation that the circumstances of the case are such that passing off cannot take place.
126. The Defendants’ uses under the terms of the 2003 licence do not constitute passing off. The uses which fall outside the 2003 licence (being use of CORMETON on its own, and uses of the Signs and the CE Sign in relation to mechanical fire protection goods and services) constitute passing off.

Estoppel/Acquiescence

127. If I am wrong that the bulk of the First Defendant’s use was and is pursuant to a licence granted by the Claimant in 2003, the Defendants rely on both estoppel by convention and estoppel by representation as well as acquiescence to enable the continuation of their conduct. As this argument does not arise on the basis of my findings above, I can deal with it briefly. It was not separately argued before me that use of CORMETON on its own or use of the Signs and the CE Sign in relation to mechanical fire protection goods and services established an estoppel or acquiescence – in any event, for the same reasons

as set out above at paragraphs 117, neither use has been for a sufficient period to establish estoppel by convention or acquiescence, and there was no pleaded representation that the First Defendant could rely on to suggest that it was allowed to change its trading as it did in 2016. Estoppel/acquiescence therefore only arise in relation to the main trade mark infringement case if I am wrong that the main uses were licensed.

128. The Defendants said that they were permitted to carry on after 2003 using the same branding as they had prior to their relocation. This assumption, they say, was bolstered by the later comments from Mrs Warburton to Mr Rush by telephone and email (which I have referred to above). As a result of “this understanding, and these reassurances”, the First Defendant continued trading in the same style as before 2003, and greatly expanded its business. It would therefore be unconscionable for the First Defendant to be prevented from continuing to trade in the same manner. In relation to acquiescence, the Defendants submitted that the Claimant has stood back for over 15 years and allowed the First Defendant to assume that no objections will be taken to the First Defendant’s use of the Mark. The First Defendant, it was submitted, had relied on this position to its detriment.
129. I have some sympathy for the Defendants were these to be the facts as found. However, even on its contingent case, the Defendants’ submissions fail, because I accept the Claimant’s submission that estoppel/acquiescence cannot operate as a defence to allegations of registered trade mark infringement: *Marussia Communications Ireland Ltd v Manor Grand Prix Racing* [2016] EWHC 809 (Ch), per Males J at paragraphs 58 to 61 and 84 to 96; see also *Coreix Limited v Coretx Holdings Plc & Ors* [2017] EWHC 1695 (IPEC) per Mr Recorder Douglas Campbell QC at paragraphs 90 to 92.
130. Counsel for the Defendants accepted that “on the law as it stands, it appears that issues of estoppel and acquiescence cannot be raised as a shield to an allegation of trade mark infringement”. However, he went on to argue that the approach to date treats all types of estoppels as substantive defences, which, he submitted, is incorrect. He accepted in his closing speech that it was not open to the Defendants to run estoppel by convention as being in conformance with the TMA. But, he said, estoppel by representation is a rule of evidence, and as such, is more properly dealt with as an issue of procedural law, not as part of substantive trade mark law.
131. Those arguments were put to Males J in *Marussia* and rejected by him. On the basis of my findings in relation to the 2003 licence, I do not need to decide this issue. However, to the extent things go further, I record here that I gratefully adopt the position as set out by Males J and Mr Recorder Douglas Campbell.
132. Further, counsel for the Claimant submitted that the United Kingdom’s departure from the EU trade mark legal regime from 11pm on 31 December 2020 would change the position that he accepted was “the law as it stands” because the Court of Appeal would not be bound to follow the Court of Justice cases relied on by Males J and Mr Recorder Douglas Campbell QC, and may therefore take a different view. That may be a matter for the Court of Appeal in due course, but it is not a matter for me. I reject that submission.
133. Therefore, in my judgment, the defences of estoppel/acquiescence advanced by the Defendants cannot as a question of law apply to the Claimant’s trade mark infringement case. I have found that the Claimant does not own copyright in the Work, and so estoppel/acquiescence in relation to the Work does not arise. The Defendants also submit

that the defence of estoppel/acquiescence also applies in relation to the passing off case. This was not argued before me, but it cannot make a difference: the passing off case was based only on the Mark and the Work – it takes things no further to excuse the Defendants from passing off in circumstances where they cannot be excused from infringement of the Mark.

Summary

134. In summary, in my judgment:

- i) The Work is not an original artistic work created by Michael Senior in which copyright subsists. The Claimant's copyright case therefore fails;
- ii) In 2003, the Claimant and the First Defendant agreed that:
 - a) The First Defendant could continue to trade under CORMETON ELECTRONICS and CORMETON ELECTRONICS LIMITED;
 - b) The First Defendant could continue to use the Domain Name; and
 - c) The First Defendant would not trade under CORMETON, CORMETON ELECTRONICS or CORMETON ELECTRONICS LIMITED in relation to mechanical fire safety goods and services – rather it would only trade in the supply and sale of electrical safety equipment;
- iii) Those uses in (ii)(a) and (ii)(b) above are therefore under licence, and do not therefore infringe sections 10(1), 10(2) or 10(3) of the TMA nor constitute passing off;
- iv) The Mark is not invalid under section 3(3)(b) of the TMA nor liable for revocation under section 46(1)(d) of the TMA;
- v) The First Defendant's uses of CORMETON on its own in relation to the First Defendant's Goods/Services are outside the terms of the 2003 licence and infringe the Mark under sections 10(1), 10(2) and 10(3) of the TMA and constitute passing off;
- vi) The First Defendant's uses of the Signs and the CE Sign in relation to mechanical fire protection goods and services are outside the terms of the 2003 licence and infringe the Mark under sections 10(1), 10(2) and 10(3) of the TMA and constitute passing off; and
- vii) Trade mark infringement and passing off are not avoided on the basis of honest concurrent use, estoppel or acquiescence.