

O-301-07

**TRADE MARKS ACT 1994**

**IN THE MATTER OF APPLICATION No. 2376884  
BY ASHFORD PROPERTY SERVICES LTD TO REGISTER A  
TRADE MARK IN CLASSES 37 AND 42**

**AND**

**IN THE MATTER OF OPPOSITION  
THERE TO UNDER NO. 93830 BY APS PROJECT MANAGEMENT LIMITED**

## **BACKGROUND**

1. On 29 October 2004, Ashford Property Services Ltd (“Ashford”) applied to register the trade mark **APS** for the following services in Classes 37 and 42:

Class 37: On-site project management relating to buildings and construction.

Class 42: Off-site project management relating to buildings and construction; surveying; land and building surveying; quantity surveying; architectural and design services.

2. The application was accepted and published for opposition purposes.

3. On 21 October 2005, APS Project Management Limited (“APS”) filed a notice of opposition. APS claims that it:

- carries on the business of providing project management services and related services for construction projects;
- provides on-site and off-site project management, supervision and management of development and construction projects, cost planning, quantity surveying, programming and programme management, building contract administration, quality supervision, Construction Design and Management (CDM), planning supervision, building surveying, and litigation support and expert witness services;
- has carried on such business since its foundation in 1985 with the Company name HTC Project Management Limited;
- has traded under the name APS Project Management Limited using the following trade mark since 5 June 2000:

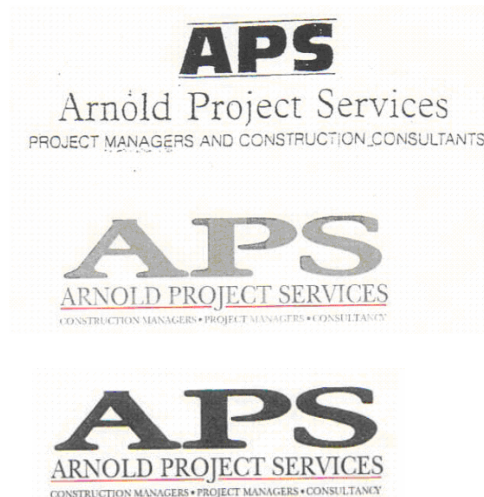


- trades through the United Kingdom and Eire and in many foreign countries;
- is the successor in business to Arnold Project Services Limited (“Arnold”), which traded from March 1987 until April 2004 using the mark APS in different forms;

- has built up extensive goodwill and reputation under the letters APS and is associated with project management and associated services by those in the construction and development industries throughout the United Kingdom.

4. In relation to the business of Arnold, it is claimed that Arnold:

- traded from its inception until August 1998 as APS Arnold Project Services using the following trade marks or the letters APS alone:



- set up a separate division in 1989 to provide the same services to high net worth individuals in respect of residential property, such services being provided under the name APS Private Clients between 1989 and 1995 under the following trade mark:



- ceased to trade in April 2004 when APS formally acquired all the assets of Arnold, including all goodwill and rights in the name APS.

5. Earlier, in August 1998, APS acquired 72% of the issued shares in Arnold, but the two companies continued to trade separately. APS continuing to trade (until June 2000) as HTC Project Management. However, from August 1998, Arnold dropped the words Arnold Project Services from its branding and traded as APS Project Management. The trade marks used by Arnold from August 1998 to June 2000 were as follows:



6. It is further claimed that on 5 June 2000 APS changed its name from HTC Project Management Limited to APS Project Management Limited and that thereafter both APS and Arnold traded under the style of APS Project Management using the APS and handstand trade mark shown at 3 above.

7. The use by Ashford of the trade mark APS is said to be calculated and liable to deceive customers requiring project management and relates services into the belief that Ashford's business is that of APS. In particular, the use of the name APS or APS Chartered Surveyors, without reference to Ashford's company name is calculated to lead, and has led, to Ashford's business and services being confused with those of APS and to potential and actual users of such services dealing with Ashford in the mistaken belief that they are dealing with APS.

8. The legal consequences of the above claims is said to be that use of the mark APS by Ashford at the date of the application for registration was liable to be prevented by the law of passing off. Consequently, registration of the mark in the name of Ashford is prohibited by section 5(4)(a) of the Act.

9. On 30 January 2006, Ashford filed a counterstatement. Whilst admitting a number of the formal matters mentioned in the opposition of APS, Ashford either denies or puts APS to proof of the primary claims. In particular, it is denied that Arnold was widely known in the industry as "APS" rather than as "Arnold", and it is denied that Ashford's use of APS is liable to be restrained by the law of passing off. The counterstatement concludes with the following statement:

“The Applicant will show that it has acquired goodwill and reputation in the trade mark APS as a result of extensive use in the United Kingdom since 1994 in connection with the following services: project management, building surveying, quantity surveying, health and safety/planning supervision, access consultancy and design/computer aided design (CAD). As a result, the Applicant is entitled to prevent the use of the trade marks APS by APS Project Management Limited and Arnold Project Services Limited by virtue of the law of passing off.”

10. Both sides filed evidence. Somewhat surprisingly given the nature of the issues involved, neither party wanted a hearing. However, written submissions have been submitted by Richard Flowerdew, Solicitor Advocate, on behalf of APS and from Serjeants, Trade Mark Attorneys, on behalf of Ashford. I have taken these into account.

## **EVIDENCE**

11. Both sides filed a substantial volume of evidence, particularly APS. Some of the material exhibited to the witness statements of Ashford’s primary witness takes the form of letters addressed “To whom it may concern” or to Ashford. In this connection I note that Rule 55 of the Trade Marks Rules 2000 (as amended) (the Rules) states:

“(1) Where under these Rules evidence may be admitted by the registrar in any proceedings before her, it shall be by the filing of a statutory declaration or affidavit.

(2) The registrar may in any particular case take oral evidence in lieu of or in addition to such evidence and shall, unless she otherwise directs, allow any witness to be cross-examined on his statutory declaration, affidavit or oral evidence.

(3) Where these Rules provide for the use of an affidavit or statutory declaration, a witness statement verified by a statement of truth may be used as an alternative; the Registrar may give a direction as she thinks fit in any particular case that evidence must be given by affidavit or statutory declaration instead of or in addition to a witness statement verified by a statement of truth.

(4) The practice and procedure of the High Court with regard to witness statements and statements of truth, their form and contents and the procedure governing their use are to apply as appropriate to all proceedings under these Rules.

(5) Where in proceedings before the registrar, a party adduces evidence of a statement made by a person otherwise than while giving oral evidence in the proceedings and does not call that person as a witness, the registrar may, if she thinks fit, permit any other party to the proceedings to call that person as a witness and cross-examine him on the statement as if he had been called by the first-mentioned party and as if the statement were his evidence in chief.”

12. Letters sent to a party for a purpose unconnected with the proceedings may be exhibited to a witness statement (or statutory declaration or affidavit) as support for a claim that unsolicited

letters of that kind have in fact been received. In suitable circumstances, a fact finder may be prepared to draw appropriate inferences from the fact that such letters were received. However, letters containing statements and opinions that have been solicited by the party for the purpose of the proceedings are not suitable as a means for introducing those statements and opinions as evidence. This is because such letters do not comply with the requirements of Rule 55. In particular, there is no statement of truth. The consequence of such non-compliance is that the persons providing the letters do not themselves become witnesses in the proceedings whose evidence can, if necessary, be tested in cross examination. APS has drawn attention to this deficiency but did not object to the admission of this “evidence” at the time that it was filed. Neither did the Registrar on this occasion, although I expect that he will do so in similar circumstances in the future. Accordingly, I intend to deal with the matter as a question of the weight to be attached to such letters rather than as a matter of admissibility. In my view, for the reasons stated above, statements contained in letters of this kind can be given little weight unless they are supported by contemporaneous documentary evidence.

### **Opponent’s Evidence-in-Chief**

13. This consists of 14 witness statements. Three are from current or past officers of the company. Ten are from people who know of Arnold and/or APS, how they are (or were) known, and what they are/were known for. The other statement is from a person who knew of Ashford as APS and says that he was confused when he first came across APS. I turn first to the evidence of the opponent’s past and present officers.

#### **Mr Brian Taylor**

14. Mr Brian Taylor is a Director of APS. He joined Arnold in 1988 as a Project Manager and when APS acquired Arnold in 1998 he became a shareholder and Director of Arnold. The purpose of his statement is to provide evidence about the use of the name APS by Arnold from 1987 to 2004. He says that when Arnold began trading in 1987 it provided project management, project consultancy and construction management services under the APS trade mark. Arnold’s core services throughout its history were that of on and off site project management. Mr Taylor says that by late 1990 Arnold also provided loss adjusting services to insurance companies. Page 8 of exhibit BT4 is said to list the services provided by Arnold at the time that the brochure was printed in October 1994. The front of the brochure carries the third of the composite marks reproduced in paragraph 4 above, featuring both the letters APS and the words ‘Arnold Project Services’. Inside the brochure, Arnold is referred to as ‘APS’. The foreword records that:

“APS is best known for the Project Management and Construction Management services it provides to property owners and tenants”.

However, the brochure also records that Arnold provided consultancy and associated services such as:

Design management

“Imposing commercial and legal disciplines in managing the design process while

preserving creativity”

#### Project Tracking

“Monitoring the progress of a project for funders or owners”

#### Conciliation and Mediation

“Providing an informed, independent alternative to time consuming arbitration or costly litigation”

#### Dispute Resolution

“Acting as expert witness or giving expert advice on contracts and to support or contest claims”

#### Insurance Loss Limitation

“Managing the consequences of an uninsured event and the remedial works to minimise an insurer’s loss”

#### Loss Adjustment Assistance

“Giving loss adjusters the project and construction management strengths to assess and negotiate claims”

15. Although not expressly mentioned in the brochure which makes up exhibit BT4, Mr Taylor states that Arnold also provided quantity surveying services from 1992, and that from 1998, building surveying services were also provided. In connection with the former claim, I note that in the brochure described above, the role of a “Project Controller” is described as including “Providing cost and value management advice”.

16. Mr Taylor provides turnover figures for Arnold Project Services Limited, from which it can be seen that Arnold had a turnover of £450k in the 16 months to 31 March 1988 rising to £3.3m per annum by 1994 before dropping back again to around £1.25m per annum in the period 1997-2000. He gives evidence that between 1987 and 1998 Arnold’s stationery and literature bore the composite marks re-produced in paragraph 4 above, or the letters APS alone. The first claim is supported by the contents of exhibit BT3. Mr Taylor says that Arnold always referred to itself, both internally and externally, as APS, and that others in the industry referred to the business in the same way. Exhibit BT3 provides examples of documents in which Arnold and others refer to Arnold as APS. However, all of the documents produced by Arnold for external use carry the composite APS/Arnold Project Services trade mark.

17. Mr Taylor explains that from 1987 to 2004, the type of advertising predominantly used by Arnold was corporate entertainment and networking events. However, Arnold also erected

signboards at sites at which it provided project management services. Until August 1998, these bore the composite APS Arnold Project Management marks shown in paragraph 4 above.

18. Exhibit BT5 consists of copies of documents showing use of the trade mark APS on some of the pages of a tender submission for services provided by Arnold to Sony Music Entertainment (UK) for the construction management of its headquarters in March 1993. The front of the tender document carries the composite mark shown at paragraph 4 above and the front page refers to Arnold as “Arnold Project Services”.

19. Mr Taylor provides limited documentary support for his claim that external parties habitually addressed Arnold “APS” before the name Arnold was dropped in August 1998. The most significant of these are copies of:

- i) a letter from David Davies Associates (who appear to be an independent professional business with whom Arnold had dealings) dated 4 April 1990, which is addressed to an Anthony Pippett at ‘APS’;
- ii) a letter dated 9 May 1990 from Berwin Leighton, solicitors, addressed to ‘APS Limited’;
- iii) a note dated 21 November 1994 from a Laurence Holt (who also appears to be an independent professional engaged on one of Arnolds’s projects), which is addressed to a J Bartlett at ‘APS’.

20. In August 1998 APS acquired 72% of the shares in Arnold. From that date onwards Arnold dropped the words ‘Arnold Project Services’ from its name and traded as APS Project Management. During this period Arnold used the logo shown at paragraph 5 above. In June 2000, Arnold adopted the same ‘APS & handstand’ logo as APS. This is shown at paragraph 3 above. Arnold used this logo until it ceased trading in 2004.

21. Finally, Mr Taylor refers to a number of instances of confusion between the respective parties that he has experienced. These are as follows:

**September 2003:** Mr Taylor attended a breakfast seminar hosted by the Property Breakfast Club at the Four Seasons Hotel in London entitled “Movers and Shakers Business Breakfast”. He explains that he attends this event quarterly and that the event is attended by associates and partners in the construction industry. On this occasion Ashford’s Marketing Director, Ms Pendlebury, was seated at the same table, and others on the table including Mr Scrivenor of MEPC (a major property company and Mr Taylor’s guest at the event) assumed that Ms Pendlebury and Mr Taylor were from the same organisation and were amused when this was not the case.

**November 2005:** at the same event mentioned above, Mr Taylor found himself seated at a table with Mr O’Byrne and Mr Pursion of Ashford and noted that although the attendance list showed them as delegates from Ashford Property Services Limited, their badges stated that they were from APS, which he says was confusing for others attending the event.



22. Exhibit BT7 consists of a photograph of Ashford's signboard bearing the mark APS, chartered surveyors, as used at a development in Sloane Square, London. This was drawn to Mr Taylor's attention by Mr Darling of Darling Associates in 2006. Mr Taylor points out that many of Arnold/APS's clients are based in central London and that use of this kind creates a likelihood of confusion. He goes on to say:

"I believe that the Applicant historically provided primarily building and quantity surveying services and that project management is not its core area of business. Due to the specialised and intimate nature of the construction industry it is extremely difficult for a relatively small company that is known for providing building and quantity surveying services to obtain any significant instructions for project management work or make its mark providing project management services. It would be easier for the Applicant to do this, and give the Applicant an unfair advantage, if it were associated with or confused with the Opponent. I therefore believe that, by offering these services under the name APS, the Applicant is seeking work from clients and prospective clients of the Opponent."

### **Leonard Arnold**

23. Leonard Arnold is the founder of Arnold Project Services Limited. He was the chairman until he retired in 1997. The purpose of his evidence is to shed further light on Arnold's reputation under the letters APS.

24. Mr Arnold gives evidence that Arnold began trading in March 1987 from premises in London and that in September 1988 it was acquired by Kumagai Gumi, a Japanese company. Arnold remained a wholly owned subsidiary of Kumagai Gumi until APS acquired shares in Arnold in August 1998.

25. Mr Arnold explains that Arnold provided project management, project consultancy and construction management services. He explains that 'project management' means "providing clients with a single point of contact and control for all elements of the project team". 'Project consultancy' comprises "providing expert advice across a broad range of specialist services such as feasibility and project strategy studies, site investigation and pre-construction advice, value engineering/life-cycle costing, programming (of work) and project tracking". 'Construction management' means acting "as the project leader responsible for managing and controlling all aspects of the construction process including the planning, design, procurement, and on-site phases". He confirms that Arnold also provided the additional services described by Mr Taylor and summarised in paragraph 14 above.

26. Mr Arnold says that Arnold provided project consultancy services in the insurance industry and support services to banks. Arnold was also appointed project consultant on large projects such as the Millennium Stadium in Cardiff (in 1995/96) and the McAlpine Stadium in Huddersfield (in 1994/95). His evidence is that, from the beginning, he promoted Arnold as APS and Arnold referred to itself as 'APS', both internally and externally. Arnold's staff were, he says, instructed to answer telephone calls as 'APS' and to identify themselves as from APS when making outgoing calls. Arnold was, he says, always known by clients, referrers and others in the

project management industry as APS. He exhibits (as LA4 section 11) a copy of the APS Quarterly Review, which carries the composite APS Arnold Project Services composite mark referred to above. This review was, he says, sent to clients, prospective clients and other professionals, including competitors of Arnold between 1992 and 1996.

27. From late 1989/1990 until at least 1997 when he left the company, Mr Arnold explains that Arnold would periodically run promotional lunches in London. These lunches would normally be attended by 8 to 10 guests comprising a mixture of clients, other professionals or referrers in the industry and public sector figures; all such events were, he says, held under the APS trade mark and at which Arnold referred to itself as 'APS'. Arnold also arranged parliamentary dinners at which a leading politician would be a guest speaker to approximately 20 professionals and leadings figures in the construction industry and related sectors. These dinners were, says Mr Arnold, also held under the APS trade mark. Exhibit LA3 consists of correspondence in connection with a lecture given by Mr Arnold to EDM Architects in March 1995. The letter dated 17 March 1995 is addressed to Mr Arnold at Arnold Project Services Limited. The attached "brief" first refers to Arnold as Arnold Project Services, but later refers to Arnold just as APS.

28. Exhibit LA4, sections 1-13, consists of brochures, publications and articles claimed to show use of the APS trade mark between 1988 and 1996. These papers provide only modest support for the claim that this is how Arnold was known to its customers or in the industry. Some of the documents are internal, from its holding company, or from advisors who are plainly using APS as shorthand for Arnold Project Services. Mr Arnold draws particular attention to a promotional brochure produced in 1990/91 in which, on the introductory page, Arnold is first referred to as APS and only later as Arnold Project Services. However, the introductory page only appears after two earlier pages on which the name Arnold Project Services appears alone, and so I do not regard this as particularly persuasive evidence that Arnold presented itself primarily as APS at this time.

29. There is also a copy of an article from Lloyd's List International of 17 March 1992 which is said to refer to Arnold as APS throughout, and does so apart from a first reference to "Arnold Project services (APS)". I do not find this compelling evidence either. There is a also a copy of a promotional brochure produced in 1990 by Kumagai Gumi UK Limited after it acquired shares in Arnold. It promotes both companies: Arnold for its project management services. It refers to Arnold as APS in places but only after a first reference to Arnold Project Services (APS), which again suggests that subsequent use of APS was simply shorthand for Arnold Project Services.

30. Mr Arnold also draws particular attention to an article that appeared in Wentworth Golf and Country Club magazine, winter 1993, to promote Arnold's management of the redevelopment of the well known golf clubhouse. Arnold is referred to in that article as APS, although the name 'Arnold Project Services' appears prominently at the foot of the article.

31. The highpoints of Mr Arnold's evidence about Arnold's repute as APS is contained in exhibit LA4 (section 6) which contains a promotional brochure from October 1992, which includes four quoted endorsements from clients each of which referred to Arnold as APS, and the evidence he gives that in 1995 Arnold set up a separate division of the business called APS Private Clients.

Exhibit LA4 Sections 12 and 13 consist of a copy of the APS Private Clients brochure published in March 1996 and a copy of the letterhead used. The branding did not include the name Arnold. The promotional material shows that the services provided were essentially project and construction management. They are described as being to:

“...manage the entire (building, refurbishment or renovation) process including design, procurement, on-site management and administration of the overall project works. For clients who talk to us early enough (APS Private Clients) also advise on selection and appointment of the architect and interior designer, and manage the planning process.”

Services to individuals by the APS Private Clients division were, Mr Arnold believes, provided until shortly after he retired in October 1997.

### **Eric Wallace**

32. The third witness statement filed as the opponent's evidence-in-chief is from Mr Eric Wallace, who has been the Managing Director of APS since 1985. The following summary focuses mainly on the evidence he gives about APS's and Arnold's activities after August 1998 when HTC Project Management Limited (as APS was then known) acquired 72% of the shares in Arnold. In June 2000, the company changed its name to APS Project Management Limited and from that date forth both APS and Arnold traded under the APS and handstand device mark shown at paragraph 3 above.

33. In April 2004, APS acquired the assets of Arnold, which then stopped trading. Exhibit EW1 to Mr Wallace's statement provides a copy of a Transfer Agreement dated 1 May 2004. He draws attention to Clause 2.1 of that Agreement which contains, under the heading "Sale and Purchase of the Assets", an indication that the goodwill of Arnold was transferred to APS. The "goodwill" is defined in the agreement as being:

“the goodwill and other know-how of the Business and the exclusive right for the Transferee (APS) to represent itself as carrying on the business in succession to the Transferor (Arnold) and to use all the trade names associated with the Business;”

34. The "business" is defined as being "the project management business carried on by the Transferor". Mr Wallace states that APS's core services are project management (which includes both on an off site project management) that account for 70% of its turnover. However, he claims that APS also provides building surveying, **quantity surveying**, development supervision, development management, construction management, programme management, cost planning, building contract administration, quality supervision, certification, CDM planning supervisor duties, litigation support and expert witness, project monitoring and **design management services**. With the exception of those shown in bold, all the services he mentions are mentioned in exhibit EW3. This consists of copies of pages from APS's website as it was in October 2001, which Mr Wallace says was in substantially the same form and content in 2000 (a copyright claim of 2000 is shown). Mr Wallace says that APS first used the APS and handstand device mark in respect of building surveying and quantity surveying in June 2000. In connection with the latter claim, I note that the services page from the web site does include an entry for

“Cost Planning”, which appear to be similar to quantity surveying services. Mr Wallace also provides (as section 2 of exhibit EW3) copies of pages from APS’ website in 2005. The last page of this indicates that:

“Due to the growing Cost Planning and QS (quantity surveying) part of their business, APS Project Management .....have established APS Cost Management as a separate company within the Group”.

35. Mr Wallace states that by December 2000 (by which time both Arnold and APS were trading under the APS and handstand device trade mark), Arnold and APS had 182 projects under their management on which they were engaged to provide project management services. The projects were throughout the United Kingdom and involved Arnold and APS working with other project partners ranging from 4 to 27 per project. The combined construction value of the projects was approximately £2.8 billion. The total annual turnover for services of provided by Arnold and APS under the APS and handstand device mark between June 2000 and January 2001 was £2.75m. The combined turnover for the year to April 2002 was nearly £5m. For the following two years the combined turnover was around £4m per annum.

36. Exhibit EW6 consists of examples of use of the APS and handstand device trade mark on correspondence and other documents together with references to the opponent as APS (both internally and externally) during the period 2000 to 2004.

37. In relation to the promotion of the APS trade mark, Mr Wallace explains that the predominant type of advertising used by APS was in industry specific and general regional and national publications. APS had entries in the following publications from the dates shown:

<b>Directory</b>	<b>Date</b>
Association for Project Management Yearbook	2000
Best Practice Project Management	2000
Yellow Pages (London & Bristol)	June 2000
Yell.com (London & Bristol)	June 2000
Bristol Business Directory	2000
Freeman’s Guide to Property Industry	At latest 2001
Built Environment Online	April 2004
B2B South West.com	September 2004
inForce South West Consultants	2004

38. Exhibit EW7 consists of advertisements, listings, promotional material and press cuttings showing use of the APS and APS and handstand trade mark from October 1998 up to and beyond the date of the filing of the application for registration. The first document is a copy of a press notice placed in Estates Gazette in October 1998 announcing that:

“HTC Project Management joins forces with APS to form one of the country’s leading project management companies”.

There are further documents dating from 2001 to 2004 that show APS Project Management listed in trade directories as project managers.

39. Mr Wallace adds that APS always erects a signboard on sites where it is providing project management, monitoring and development services and that from June 2000 onwards these boards have borne, *inter alia*, the APS and handstand trade mark. Mr Wallace provides figures for the amounts spent on promotion and advertising by Arnold and APS in the period 1997 until 2005. These figures are taken from company accounts and include amounts spent on corporate hospitality and stationery. I am therefore doubtful about their value. There is no doubt, however, that promotion of the APS and handstand mark took place. For example, there are copies of invoices from the year 2000 and 2001 showing that over £20k was spent developing APS's web site which carried the APS mark.

40. Mr Wallace explains that confusion could occur with Ashford because a number of APS's clients have approved lists of service providers. If both Ashford and APS appear on an approved list as APS (albeit for different services), then any employee of that company that is instructed to contact APS for project management services could contact Ashford. There is therefore a risk that Ashford will obtain work intended for APS.

41. Finally, Mr Wallace refers to Exhibit EW11 which consists of an extract from the Association for Project Management Year Book 2005/2006 and notes that both APS and Ashford have advertisements on the same page for consultancy services and that both use the trade mark APS, which he concludes would lead to a strong likelihood of confusion.

**The independent witnesses who give evidence of Arnold and APS's reputation**

42. As indicated above, APS also filed ten witness statements from third parties attesting to its reputation (including the reputation formally associated with Arnold). The following table provides a summary of the most relevant points from these statements.

<b>WITNESS</b>	<b>RELATIONSHIP</b>	<b>KNOWN FOR</b>	<b>KNOWN AS</b>	<b>SINCE WHEN</b>
Lucy Barrett	Business Exec. Candy & Candy, Interior Designer APS = Client	Project Management & Cost Planning/ Quantity Surveying	APS Project Management known as APS	January 2004
Robert Bashford	Senior Partner Kut Partnership, Consultant Engineers. Project partners of APS	"..happy to recommend APS for project management and quantity surveying tasks".	Arnold/APS Project Management both known as APS	1994 (not clear how long either known for quantity surveying)

Marcus Boret	Exec. Director Akeler Development Ltd, Property Dev. APS = Client	Project Management.	APS Project Management /Arnold known as APS	1998
Keith Bugden	Development Dir' Hermes, Fund Managers APS = Client	Project Management. Project monitoring.	APS Project Management /Arnold known as APS	"Shortly after" 1994
Christopher Darling	M.D. Darling Associates, Architects. Client and/or Project partner to APS. 25% of their turnover linked to APS	Project Management and "Work with them as Quantity Surveyors"	APS Project Management /Arnold known as APS	1997/8
Peter Brown	Dearle & Henderson Ltd, Architect for a Construction Consultancy Co. Project partners of APS.	Project Management	APS Project Management/Arnold known as APS	1990/91
Michael Jones	Construction Director at Castlemore, Property Dev' Co. APS = Client	Project Management	APS/Arnold known as APS	2000
Richard Payne	Director, Real Estate Group, at Barclay's Finance. APS Provides property advice. APS = Client	Property advice on projects	APS "in its various forms" known as APS or APS Project Management	Not clear
Sudhu Prabhu	Chief Exec' Pell Frischmann, Engineering Consultancy APS = Client	Project Managers	APS Project Management/Arnold known as APS	1996
Julian Simmonds	Director Manresa Property Dev' Co.	<u>Currently</u> work involves project management,	APS Project Management known as APS	2002

		quantity surveying planning supervision quality supervision		
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43. Most of these witnesses also offer opinions about the likelihood of confusion between Ashford and APS. The most significant evidence in this respect is that of Julian Simmonds and Christopher Darling. Mr Simmonds explains the importance of word of mouth recommendations in the property development field and hence the increased risk of aural confusion where two firms are commonly known by the same name. Mr Darling recounts that in late 2005 he recommended APS Project Management to a client who advised that he was already working with “APS”. However, as the conversation continued it became evident that the client was referring to Ashford rather than the opponent. Mr Darling observes that as the market for project management is not large, it is easy for confusion to arise from the use of “APS” by two undertakings.

**Mr Douglas Paskin**

44. Mr Douglas Paskin is the senior partner in PKS Architects LLP a firm he established over 30 years ago that provides architectural and design services to the residential and commercial property industries. He states (in 2006) that:

- he began working with APS Chartered Surveyors about 2 years earlier on a project on which it had been instructed by his client to act as project manager and quantity surveyor;
- about 1 year before making his statement he was introduced to the opponent by a client who suggested that he use APS as project managers on a new project; he initially thought this was a reference to APS Chartered Surveyors, but he later realised that there were two companies in the same field known by the same name.

**Applicant’s Evidence-in-Chief**

45. This consists of a witness statement, dated 11 September 2006, by Christopher Millican who is a Chartered Building Surveyor and a member of the Royal Institution of Chartered Surveyors (RICS). Mr Millican is the Managing Director of Ashford, a position he has held since 29 April 2005. His evidence comes from his own knowledge, from Ashford’s company records, and from third parties. Some of it is therefore hearsay.

46. Mr Millican explains that Ashford was founded in 1994. It is primarily a firm of Chartered Surveyors. It was founded with the intention of providing building surveying services, but Mr Millican claims that it has from the outset offered additional services, including project management, quantity surveying, disability access consultancy, health and safety supervision and architectural design. In relation to ‘project management’, Mr Millican explains that:

“Project Management is a very broad field. A project manager organises available resources so that a project is completed on time, within budget and to the required specification and quality. Within the field of project management I would draw a distinction between actively managing a project and monitoring a project. Another way of looking at it is whether the management is provided on or off site, with the latter providing more of a monitoring role. The RICS include project management as one of the roles undertaken by Chartered Building Surveyors.

My company includes experienced professionals whose purpose is to guide a construction project from its inception through to completion. We have always provided off-site project management services but only provide on-site project management services at the specific request of a client. We often act as “lead consultant” and in these circumstances the team will take overall responsibility for managing all aspects of the project. This might include organising feasibility studies, recruiting and organising the design and construction teams who will work on the project, monitoring quality by carrying out on-site inspections, preparing regular project reports, as well as making sure that deadlines are met and that the project comes in on budget.”

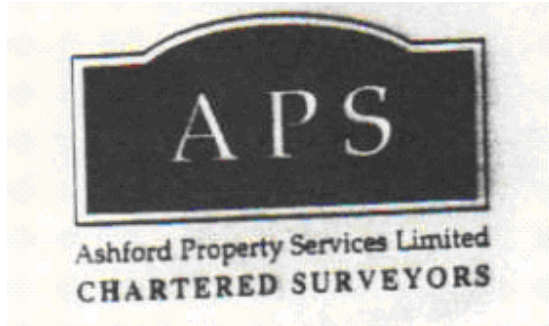
APS is now a corporate member of the Association of Project Managers. It is not clear when it became a member.

47. In relation to quantity surveying, Mr Millican states:

“In general terms, a quantity surveyor predicts, manages and controls costs on construction projects.....the Company provides general and specific advice on all aspects of refurbishment, fit-out and construction. For example, as a project develops, our team will assist in putting together a procurement strategy, appointing a suitable contractor and developing the final cost and capital expenditure budgets so that our clients have the information they need to make decisions.”

48. Mr Millican exhibits as CM2 a “To Whom it May Concern” letter dated 17 August 2006 (and attachments) from Ken Ashford. I subject this “evidence” to the criticism that I levelled in paragraphs 11 and 12 above. The attachments do, however, contain copies of a couple of contemporaneous documents. These include a letter dated 15 June 1994 from Mr Ashford to The Royal Institution of Chartered Surveyors (RICS). It records that Ashford Property Services Limited had recently been formed and was to specialise in building surveying work. The purpose of the letter was to seek permission to use the designation ‘Chartered Surveyors’. This was to appear as part of a letterhead which featured the letters ‘APS’ prominently above the name “Ashford Property Services”. Other documents from that time record small changes to this logo resulting in the adoption of the logo shown below in 1994.





49. Exhibit CM3 consists of a bundle of sales invoices for the period 1994 to 2006. Mr Millican observes that all invoices between 1994 and 2001 bear the above logo and that all invoices from 2001 onwards bear the current APS logo which is as follows:



Other company stationery exhibited shows a similar pattern of use. Mr Millican draws particular attention to the first four invoices, which he says shows the range of services provided by Ashford in 1994. The first two are for building surveying. The fourth invoice is said to be for project management services, although the services are listed on the invoice as “project co-ordination” services. The third invoice is said to be for “design, surveying and valuation” services. However, the third invoice in the exhibit actually appears to be for services connected with obtaining a “Fire Insurance Valuation Report”. There is no mention in it of any design services.

50. In relation to the promotion and advertising of the trade mark APS, Mr Millican explains that he can only provide limited evidence of conventional advertisements and advertising expenditure because Ashford’s marketing approach rarely includes advertising. In fact, Mr Millican goes on to say that Ashford actively strives not to advertise, normally only doing so in a very targeted manner or when a new member of staff is required. This approach is adopted, he says, to minimise nuisance enquiries from individuals and small businesses relating to residential surveying work. More than 95% of Ashford’s business is therefore repeat business from long standing clients or from direct referral by close contacts.

51. There is a copy of an advertisement by Ashford dated 20 June 1997 for a building surveyor, which makes prominent use of the original composite APS logo, but which invited respondents to write to ‘APS Chartered Surveyors’, suggesting that this is how Ashford referred to itself at that time. This is confirmed by copies of minutes of meetings with other parties in exhibit CM4,

by contemporaneous letters from clients and associates in exhibit CM8, and by documents in exhibit CM9 which show that an advertisement was placed in Estates Gazette in 1994 noting that Mr Ashford had established “APS Chartered Surveyors”. This magazine is said to have the largest paid-for circulation of the commercial property magazines in the United Kingdom with approximately 30,000 subscribers in 2005 (a figure which it appears has been constant for some 10 years) and a pass-on readership of 4 times that number. Exhibit CM9 also contains details of listings in: The Kensington and Chelsea Official Directory of Services 1996, the RICS Geographical Directory 1997, the Crime Prevention Yearbook 2000, The Estate Gazette 1995/96, each of which refers to the advertisement having been placed by “APS Chartered Surveyors” or “APS”.

52. Exhibit CM16 consists of printouts from Ashford’s website. According to invoices in exhibit CM23 it was created at the beginning of 2002 but there is nothing to indicate what it looked like prior to 2004. Exhibit CM18 consists of a poster advertising a series of seminars about the Disability Discrimination Act (DDA) held by Ashford in June and September 2002 and Mr Millican explains that a further seminar was held in December 2002 for the Building Societies Association. He notes that the poster refers to “DDA specialists from APS”. Further such seminars were held in June and September 2003 and in June and September 2004.

53. Exhibit CM26 includes around 150 letters, invoices and notes dated between May 1994 and 2001 addressed to Ashford by people who were doing business with it . All of these are addressed to “APS” or “APS Chartered Surveyors” or “APS Limited”. Mr Millican notes that most of Ashford’s work is carried out in London and the home counties, but services have also been provided in a variety of other locations in the UK. Exhibit CM28 consists of a bundle of pages taken from Ashford’s web site in 2006 showing some of the more important jobs it had undertaken “in recent years”. The locations reflect Mr Millican’s statement but it is not possible to say how many of these jobs pre-date the trade mark application.

54. Exhibit CM7, section 2, consists of letters from Brendan Twomey of Berkley Urban Renaissance (dated 7 September 2006), Richard Williams of Nelson Bakewell (dated 7 September 2006), Peter O’Brien of IDM Corporate (undated, but marked as received 8 September 2006) and David Rogers of Venaglass Limited (dated 6 September 2006), all of which attest that the letters APS are distinctive of Ashford’s goodwill. Exhibits CM29, CM30 and CM31 consist of further letters from David Anslow of The Anslow Partnership LLP (dated 9 August 2006), Trevor Routledge of Cadbury Schweppes (dated 10 August 2006) and Andrew Woods at Commercial Estates Group (dated 16 August 2006), all of which also attest to Ashford’s goodwill and that the letters APS are distinctive of it. Mr Anslow also claims to have had dealings with Arnold when it was owned by Kumagai Gumi. He says that the business was incorporated into the business of Kumagai Gumi and re-emerged (as Arnold Project Services) in the mid-1990s. Mr Millican also exhibits (as CM34) a letter dated 8 August 2006 from Beverley Caspall. Ms Caspall was a receptionist for Arnold between October 1994 and July 1995. She claims that the business was generally known as Arnold Project Services at that time. All of these letters were clearly solicited for the purpose of these proceedings. Consequently, for the reasons given in paragraphs 11 and 12 above, I can attach only limited weight to them in reaching my decision.

55. Mr Millican explains that in 2002, Ashford was given a National and a London Region “Fit out workplace Award” by the British Council for Offices for their work refitting the London offices of Bloomberg, and in 2003 they were awarded a Design for the Workspace Award from the British Design and Art Direction for the same project. Exhibit CM32 consists of information sheets which Mr Millican says formed part of Ashford’s literature and which were widely circulated to clients and “other interested parties at the time”. The sheets record that Ashford (called APS Chartered Surveyors) provided project management and quantity surveying services on the winning project. The design architects are recorded as having been a firm called Powell-Tuck.

56. Ashford’s turnover, taken from company accounts, is claimed to have been as follows:

<b>Year</b>	<b>Turnover (£)</b>
1994/95	128, 445
1995/96	241, 448
1996/97	341, 293
1997/98	584, 206
1998/99	561, 872
1999/00	767, 687
2000/01	1,836,835
2002/03	2,492,798
2003/04	1,502, 951

I note that Ashford’s business increased substantially from 2000/01 onwards, which is around the time of its re-branding.

57. Mr Millican says that:

“33. As explained above, our core services are surveying, whereas those of Arnold Project Services Limited were project management. I believe that each company derived most of its turnover from its respective core services.”

And:

“It is important to note that the Company has traded across the UK continually using our original and current APS logos. I do not believe that the relative scale of use is particularly important. What is important is that our evidence shows we were known as APS first. This is particularly true in the case of our core surveying services.”

58. Mr Millican makes a large number of points about the evidence filed by APS. It is sufficient to record the following:

- APS’s assertions that it has used and was widely known as “APS” before Ashford does not tally with the evidence it has provided nor with his or his colleagues, contact and clients knowledge of the industry.

- Arnold was not known as “APS”, but was generally known throughout the industry as Arnold or Arnold Project Services.
- while Arnold may well have used the trade marks shown in paragraph 4 above, the letters APS were nearly always used in conjunction with other wording i.e. “Arnold Project Services” and Arnold was not known or referred to generally as “APS” when Ashford began trading (as APS) in 1994.
- Between 1988 and 1998 when Arnold was a wholly owned subsidiary of Kumagai Gumi Group, it did not have a distinct public identity and it was not until the mid 1990s that the Arnold Project Services name was used again.
- Arnold’s business development programme was conducted under the heading “APS - Arnold Project Services” and offered only the services of construction managers, project managers and consultancy.
- While Arnold, and possibly HTC Project Management Limited, may have used the trade mark APS Project Management, they only did so between August 1998 and June 2000.
- When Arnold began providing building surveying, quantity surveying, building contract administration, quality supervision, certification, CDM planning supervisor duties, project monitoring and design management services in August 1998, Ashford had already provided many of these services under their original APS logo.
- From June 2000 until APS’s takeover of Arnold in 2004, both Arnold and APS Project Management Limited were trading under the APS and handstand trade mark whilst still formally independent entities. Consequently, during the period 2000-2004, APS was not distinctive of either Arnold or APS Project Management.

59. Exhibit CM35 consists of a printout taken from the Companies House website on 1 September 2006, which shows that Arnold Project Services Limited (company No. 02077545) had an ‘Active’ status with next accounts due on 28 February 2007. Mr Millican therefore doubts the effectiveness of the alleged assignment provided as exhibit EW1 to the witness statement of Mr Wallace.

60 In this connection , Mr Millican notes that in that the Transfer Agreement identifies the business transferred as a “project management business”. He concludes that only that part of Arnold’s business therefore appears to have been transferred. Further, he notes that although goodwill is mentioned there is no reference to any particular sign or trade mark being transferred.

61. Mr Millican summarises his position on the opponent’s case as follows:

“In summary, the Opponent’s evidence confirms that Arnold Project Services Limited has promoted itself with several different signs, using each for just a few years at a time before ditching the old sign in favour of a substantially different new sign. Until 1998 its use of the letters APS alone was erratic and if not in conjunction with the words Arnold

Project Services, was an abbreviation for these words. From 1998 until 2000, i.e. for only two years, it used the letters APS together with descriptive words, before adopting the handstand mark. There was and is no one particular sign with which Arnold Project Services Limited can be identified throughout the course of its trading history. As a consequence Arnold Project Services Limited was known as Arnold Project Services both internally and externally, apart from a few years in the 1990s when Arnold was known and identified as part of the Kumagai Group.

The Opponent did not use APS in any form until 2000. From 2000 onwards it traded jointly with Arnold Project Services using the handstand mark, the most memorable feature of which is the handstand figure. The Opponent only acquired rights in Arnold's reputation for project management in 2004. Any other reputation the Opponent claims to possess in the mark APS can only derive from its own use since 2000 of the handstand mark."

62. Mr Millican makes a number of points about the likelihood of confusion. These appear somewhat inconsistent. At paragraphs 51 and 52 of his witness statement he says that the use of "APS" by his company and by APS is bound to cause confusion in the future, and having read the opponent's evidence, he now believes the likelihood of confusion to be much greater than he had previously thought. However, in paragraphs 55 and 56 he says that his company has never received any enquiries or instructions intended for APS and he stresses that the parties provide different services. He attributes the emerging conflict with APS on the expansion of its range of services. He later states (at paragraph 57.54) that, contrary to views expressed by Mr Wallace on behalf of APS, he, Mr Millican, believes that the visual differences between the respective marks and the practice in the construction industry of making referrals on a personal (rather than corporate) basis (paragraph 57.4) means that there is very little risk that his company or the opponent will receive work intended for the other (paragraph 57.61).

### **Opponent's Evidence-in-Reply**

63. This consists of 22 witness statements. The first, dated 5 January 2007 is by the same Eric Wallace mentioned above. Much of this consists of argument about the respective merits of the parties' cases. At this stage it is sufficient to record that he says that:

- a person or company can provide surveying services without being a member of the RICS, adding that Arnold did and APS does;
- it is not the case that Arnold was subsumed in and known as Kumagai Gumi whilst part of that group - Arnold remained an autonomous trading unit;
- although Arnold is still listed as "active" at Companies House, it is not trading and has not done so since April 2004;
- APS acquired the business of Arnold as a going concern which included all services provided by the business;

- there was no need to expressly list the services provided by Arnold or mention the trade name and mark “APS” since the business was being transferred in its entirety in what was an internal group restructure;
- the competitive entries by the parties in the Association of Project Managers Yearbook (exhibit EW(2)5), shows that the potential for confusion between the respective parties trade marks will increase.

64. The second witness statement, also dated 5 January 2007, is by the same Brian Taylor mentioned above. Again most of it is argument as to the merit of the respective cases. At this stage it is sufficient to record that he gives evidence that:

- Arnold continued to operate as an autonomous unit during the period it was owned by Kumagai Gumi Group;
- Contrary to Mr Millican’s assertions, his first witness statement did not contain an error; further investigations have revealed that Arnold provided quantity surveying services from 1989 until it ceased trading in 2004 and that APS has provided quantity surveying services since it was founded in 1985 and from June 2000 under the APS trade mark;
- Arnold provided quantity surveying services “to varying degrees” in connection with the project and construction management work that it was primarily instructed to provide;
- Arnold also provided a “quantity surveying role” where it was appointed on insurance projects;
- The opponent (APS) provides quantity surveying services to clients as a discipline in its own right.

65. In support of these claims, Mr Taylor exhibits (as BT(2)2) copies of selected pages from a number of “appointment documents” dating between May 1990 and May 1994, which record that Arnold was appointed on nine occasions in this period to provide construction management services, which he says included quantity surveying. None of the appointment documents mention quantity surveying as such. Most are formal contracts which refer to the existence of an annex setting out a definition of the services to be provided. In no case is the page containing this definition included amongst the “selected pages” filed.

66. There is also a witness statement, dated 19 December 2006, by Jeremy Bartlett. Mr Bartlett joined Arnold in September 1988 as a project manager and was later appointed as a Director in March 1989. He left Arnold when he retired in 2001. He says that:

- Arnold was occasionally referred to by him as Arnold Project Services, but mostly Arnold was known as “APS” and this was how he identified the company when he answered the telephone;

- Arnold was known on-site as “APS” and was referred to as such in project meeting minutes and in project documentation and correspondence;
- clients and consultants referred to Arnold as “APS”;
- that whilst part of the Kumagai Gumi Group, Arnold remained a separate company trading as APS.

67. Similar evidence is given by:

- i) Laurie Atkinson, who is a Director of Anser Group Limited who trade as Anser Project Managers, but who worked for Arnold between July 1987 and August 1998;
- ii) David Chare who was employed by Arnold as a Project Manager between October 1988 and August 1994;
- iii) John Dudley who worked for Arnold as a Project Manager in the period 1987 to 1994;
- iv) Ken Goudie, who is a Director of APS, but who was employed by Arnold in 1989 as a project manager;
- v) Ian David Wildgoose, who worked for Arnold between 1988 and 1996;
- vi) Nicholas Woodruff, who worked for Arnold between 1990 and 2004 and who is now an Associate Director of APS;
- vii) Stephen Washington, who is now a Partner at Hornagold & Hills, management consultants, but who worked for Arnold as a project manager between 1989 and 1994;
- viii) Edward Goodbody who was Chairman of Kumagai Gumi UK Limited and a number of the Kumagai Gumi subsidiaries (including Arnold) before he retired in June 2000;
- ix) Robert William Ridgwell, who assisted Kumagai Gumi to expand their operations in the UK before later working for Arnold as a consultant between 1996 and 1997;
- x) Richard Griffin, who is a Partner with Sheppard Robson Architects but who worked with Arnold between 1987 and 1992;
- xi) Jerry Holmes, who is now a Director of a property investment group called Roxylight, but who worked for Arnold between 1990 and 1995;

- xii) Gareth Kitney, who joined Arnold as a construction manager in 1993 and is now an Associate Director of APS;
- xiii) David John Orchard, who is now Managing Director of a company which bears his name, but who was employed by Arnold between 1987 and 1994.

68. Mr Dudley exhibits (as JD3) a copy of the APS three year business plan for 1989-1991, which was drawn up after the company was acquired by Kumagai Gumi. It states that Arnold would provide professional services (which it defines as “project management” and “construction consultancy”) on all in-house projects (that is for Kumagai Gumi) and separately to external clients carrying out construction projects. The plan indicates that Arnold was to “build on the strength of it being within the Kumagai Gumi Group, and will market as appropriate, the provision of services utilising the Anglo-Japanese connection.....”. Whilst services were to be provided for external clients, in-house projects were to be given priority.

69. The last three witnesses named in paragraph 67 above also provide some evidence about Arnold’s provision of quantity surveying services. Mr Holmes says simply that:

“As part of its project work, Arnold provided quantity surveying services and employed a number of quantity surveyors to undertake work on behalf of Arnold.”

70. Mr Kitney gives evidence that his first job with Arnold in 1993 was as Site Manager on a project to repair a building in Bishopsgate, London, which had been damaged by a bomb. He exhibits as GK1 a “Method Statement” which includes an organogram setting out the people from Arnold working on the project and their respective roles. He points to three people described in the organogram as “financial controllers” and says that these people were all assigned to undertake quantity surveying work on the project.

71. Mr Orchard provides details of a project called “James Capel House, London”, on which he was appointed Project Director in 1993 “and on which Arnold was appointed to provide quantity surveying as part of project support services to the client, Thomas Harwell (London) Limited, a firm of loss adjusters”. He exhibits (as DO1) copies of papers from the time which show that Arnold (called APS) was appointed to supply project support services. These are defined as being:

“To act as consultant to THL on the extent and nature of the repairs and to ensure that remedials and costs resulting are a result of the bomb blast or its effects.”

One of the persons assigned is an Alan Purbrick, who is described in the papers as Project Manager and Quantity Surveyor. According to the “Quality Plan” the services consisted of “cost monitoring and technical overview of proposals submitted by others for repairs ....”.

72. APS also filed some further evidence which goes to the issue of confusion. This takes the form of witness statements from Lisa Hinton, Stuart Lawrenson and Katherine Williams. Ms Hinton worked as a secretary at Arnold between May 2002 and May 2004. Since then she has worked as a secretary for APS. Part of her duties is to take telephone enquiries. She says that



shortly after December 2005 she noticed that APS was receiving calls that were meant for a different APS. She provides details of these. On 13 January 2006 she took a call from a Louise Chainey who wished to speak to a Darren Wright regarding a project at 1 Angel Court. APS did not have such a project. It became evident that the caller was after Ashford rather than APS. A similar incident occurred on 20 October 2006. Ms Hinton also provides a hearsay account of two further such instances in February and March 2006, which were relayed to her by a colleague called Rachel Doxford.

73. Stuart Lawrenson is the Commercial Director of a small construction company called OPEC. He gives evidence that in 2006 he was interested in obtaining work for his company on a project involving the fitting out of some new offices for Fujitsu Siemens. He found out that a firm of project managers called "APS" had been appointed to manage the project. He did an Internet search and found APS's details and contacted them. However, no-one there was familiar with the project and he realised that he had the wrong firm. He did a further search and eventually found Ashford's web site. He was not ultimately confused. He did not get the work.

74. Katherine Williams is employed by TLT Solicitors, APS's professional representatives in this matter. She explains that on 28 November 2006 she attended the Archives Department of British Telecom and the library of the RICS. Having done so she states that:

- Ashford has not been listed in any London or London regional telephone directories either as "Ashford Property Services" or as "APS Chartered Surveyors";
- APS has been listed (as "APS Project Management") in each of the London and London Central Directories since 2000;
- Ashford was listed in the RICS Geographical Directory between 1996 and 2002 as "Ashford Property Services Limited", as "APS Chartered Surveyors" in 2003 and 2006, and as "APS Surveyors" in 2004 and 2005.

### **Applicant's additional evidence**

75. This consists of two witness statements. The first dated 19 February 2007 is by the same Christopher Millican mentioned above. The key aspects of his evidence are that:-

- Historically, although an element of a building surveyor's role may have included managing a building project, the services of a project manager are distinct from the services provided by a building surveyor. In this connection he provides (as exhibit CM (2) 9) definitions for building and quantity surveyors taken from the RICS library.
- Project management is now recognised as a separate category of services and the recent trend for specialisation has led the RICS to establish a separate faculty for project management.

- Arnold's entries in the Association of Project Managers Handbook from 1995/96 and 1996/97 (which he exhibits as CM(2) 11) identify it as "Arnold Project Services" rather than as "APS" or as "APS - Arnold Project Services".
- The claim that Arnold operated independently from Kumagai Gumi is not consistent with the opponent's evidence. In particular, the APS three year business plan for 1989-91 included in the evidence of John Dudley states that priority would be given to in-house projects undertaken by Kumagai Gumi.
- Exhibit CM (2) 14 is a copy of the actual advertisement placed in the Royal Borough of Chelsea and Kensington's 1997 Official Directory of streets and services mentioned in Mr Millican's previous witness statement, which shows that Ashford advertised under its composite "APS - Ashford Property Services" mark (and I note that the advertisement offers project management services).
- RICS Directory entries originally contained Ashford's registered name but this changed as the profile of the company grew.
- In response to the evidence of Messrs Kitney, Holmes and Taylor, Mr Millican submits that any quantity surveying services provided by the Arnold must have been on a small scale, may have been outsourced, could only have been secondary to the provision of a construction management service, and was not visible to the industry as a whole. He points out that quantity surveying services were not promoted in Arnold's promotional literature. He argues that the "method statement" exhibited as GK1 to Mr Kitney's statement is irrelevant to the question of whether Arnold provided surveying services because it relates to construction management services, which are a separate discipline to surveying.
- Exhibit CM (2)10 is a full copy of an e-mail exchange between Mr Millican and Mr Wallace in October 2004 in which Mr Wallace states that APS' annual turnover from directly provided building surveying services was only £60k per annum, whilst outsourced building surveying work accounted for a further £100k per annum. Mr Millican points out that this is only a small proportion of APS' turnover. Further, the mail indicates that APS only undertakes building surveying itself with reluctance.
- With regard to Mr Taylor's evidence that Arnold provided quantity surveying services earlier than 1992, Mr Millican points out that the agreements to provide construction management services with Kumagai Gumi dated 21 June 1990 and with Midland Bank dated 29 April 1994, state that the Construction Cost Plan would be prepared by a Cost Consultant, a term which he says is interchangeable with quantity surveyor, thus indicating that Arnold itself did not provide the quantity surveying services on these projects.
- Mr Millican acknowledges that similar agreements dated 19 October 1993 with Eagle Star and 1 February 1994, with KBS UK Limited, do indicate that the Construction Cost Plan was prepared by (Arnold's) Construction Manager. However, he points out that

without the missing annex to the agreements that defined the services provided, it is not clear whether quantity surveying services were in fact provided.

76. The second witness statement, dated 14 February 2007, is by Andrew Gower. Mr Gower is a Director of APS, a position he has held since 2005. The purpose of his statement is to answer the evidence of Mr Lawrenson. Mr Gower provides copies of e-mail exchanges between himself and Mr Lawrenson showing that the latter sought to establish a commercial relationship with Ashford during 2006. In essence, Mr Gower attributes Mr Lawrenson's willingness to give evidence as to a likelihood of confusion between the parties to sour grapes as a result of his failure to obtain work from Ashford. As Mr Lawrenson's evidence is that he was not ultimately confused there is no need to say anything further about the evidence of either of these witnesses.

## **FINDINGS OF FACT**

### **Arnold's Reputation and Goodwill – Was "APS" distinctive of Arnold?**

77. The primary contemporaneous evidence on which APS relies to support its claim that Arnold traded from the outset under the letters APS alone is contained in the evidence of Messrs Taylor and Arnold. In particular, my attention has been drawn to the fact that these witnesses have first hand knowledge of the use in question, and to the material in exhibits BT3-5 to Mr Taylor's statement and exhibit LA4 to Mr Arnold's statement.

78. In my view, there is only limited documentary evidence that Arnold traded under the letters APS alone, at least prior to its re-branding in August 1998. The documents issued by Arnold (other than those issued internally) in the exhibits to which my attention has been drawn show that Arnold traded under the composite APS - Arnold Property Services trade marks shown at paragraph 4 above.

79. Mr Arnold gives evidence that Arnold set up a separate division in 1995 (not 1989 as per the statement of case) which provided services to individual clients under the trade mark "APS Private Clients". There is nothing to suggest services were offered to the public under this mark before March 1996 and there is no quantification of the services provided. Nevertheless, the very establishment of this derivative brand suggests that, by 1995, Arnold believed that the letters APS were capable of building on the goodwill it had established even without the words Arnold Project Services.

80. Further, apart from the evidence from current employees of APS that Arnold mainly or always referred to itself as APS in oral communications, there is similar evidence from numerous witnesses with first hand experience of Arnold's trading methods and who are now independent of APS. See paragraphs 66-68 above. The evidence summarised in those paragraphs also serves to refute Ashford's claim that during the years that Arnold was owned by Kumagai Gumi it ceased to retain an independent trading identity and that any goodwill it generated was owned by Kumagai Gumi. In particular, the evidence of Mr Goodbody, who was closely connected with the operation of both Kumagai Gumi and Arnold, is that when seeking work for Arnold he always introduced himself as being from "APS". The claim that Arnold appeared to have merged with Kumagai Gumi is also inconsistent with the evidence of the independent witnesses

summarised at paragraph 42 above, particularly the evidence of Messrs Frederick, Bugden, Brown and Prabhu, all of whom give evidence of having first having come across Arnold during the period that it was owned by Kumagai Gumi.

81. Ashford has not sought to cross examine any of Arnold's witnesses. Instead it seeks to rely on the evidence of its own officers and on contrary opinions from a number of people in the industry as expressed in the letters exhibited to Mr Millican's witness statements. Given Mr Millican's lack of direct involvement with Arnold's trading activities, his evidence is plainly of less weight than APS's numerous witnesses with first hand experience of the matter. Ashford has sought to further counter APS's evidence that the letters "APS" were distinctive of Arnold by soliciting letters from people in the construction industry who are prepared to record a contrary view. It is submitted on behalf of APS that where there is a conflict between the evidence expressed in the witness statements filed by it, and the letters filed by Ashford, I should give more weight to the accounts contained in the properly filed evidence. For the reasons stated above, I agree. I therefore accept the evidence filed on behalf of APS that in telephone conversations, meetings and at promotional events it normally referred to itself as "APS".

82. It does not necessarily follow that its customers followed that lead. Even though the letters APS are larger than the words Arnold Project Services in the composite trade mark used by Arnold up until 1998, the public may nevertheless have identified the company by the name Arnold or Arnold Project Services, which although used in smaller letters than the letters APS, was also a prominent feature of its trade mark. There is only limited documentary evidence of third parties referring to Arnold as "APS" in written communications issued prior to 1994 and 1998: see paragraphs 19 and 31 above. However, there is much more first hand evidence to this effect in the witness statements summarised at paragraphs 42 and 66-68 above. In the light of this evidence it is impossible to resist the conclusion that "APS" was at least one of the names by which Arnold was known by 1994, and that that remained the position prior to its re-branding in August 1998.

83. It is submitted on behalf of Ashford that Arnold (and APS) has been branded in so many different ways over the years that no one name is distinctive of it. In this connection my attention has been drawn to the cases of *Spalding and Gamage* [1915] 32 RPC 273 and *Star Industrial Company Limited v Yap Kwee Kor* [1976] FSR 256. It is submitted that these cases establish that any goodwill associated with the marks used by Arnold prior to June 2000 was abandoned when the use of those mark ceased. Consequently, APS cannot rely upon Arnold's use of those earlier marks. In my view, this is not a correct statement of the law. In the cases in question it was the business (or relevant part of the business) that was abandoned and not just particular marks used to identify that business. An unregistered trade marks is not a property right per se. The law protects the goodwill in the business with which the mark is connected. Consequently, where a claimant's business continues at the time that passing off is alleged to have occurred, the relevant question is how the goodwill of the business was identified at that time. Sequential use of a series of marks with a common feature is self evidently capable of making the use of that feature distinctive of a continuing business. I therefore reject the submission that Arnold's cessation of use of its older marks somehow makes their use irrelevant to the question of how Arnold was known at the time when a passing off right is claimed. The submission that Arnold had used so many different marks that no one mark was truly distinctive of it is, at least, sound in principle.

Indeed, there is some evidence that in formal documents and sometimes in other documents, most notably its listing in the Association of Project Managers Handbook for 1995/6 and 1996/7, Arnold identified itself by its full name rather than by the letters APS. Nevertheless, I believe that the balance of the evidence is sufficient to find that APS was a customary means by which third parties, including its clients, identified Arnold by 1994, and that remained the position up until 1998. It is highly likely that most of the people who recognised Arnold as “APS” knew that the letters stood for Arnold Project Services. Apart from the composite branding, Mr Arnold’s own founding role in the company would have served to have kept this in the mind of those with whom the company did business. I do not think that that prevents me from finding that Arnold enjoyed a commercially significant goodwill and reputation by 1994 and that this was identified by a substantial number of persons by the letters APS.

84. The position after 1998 is more straightforward. Mr Arnold had retired by this time. The distinctive feature of the APS Project Management mark adopted by Arnold in August 1998 was self evidently the letters APS. The letters APS were also an independently distinctive feature of the APS and handstand device mark subsequently adopted by Arnold in June 2000. These uses could only have served to have made its customers rely more heavily on the letters APS in order to identify the business conducted by Arnold.

#### **What was Arnold known for (and at which dates)?**

85. Mr Taylor and Mr Arnold state that Arnold provided project management, project consultancy and construction management services. This is confirmed by the contemporaneous document exhibited (as BT4) to Mr Taylor’s first statement. That document also records that although best known for these services, Arnold also provided some related services. These are described at paragraph 14 above. In particular, Mr Taylor claims that Arnold provided quantity surveying services from 1989.

86. No breakdown of Arnold’s services has been provided and it is not therefore possible to establish how much of its business related to quantity surveying. If this was a significant part of Arnold’s business then the omission of any specific reference to the provision of such services from the services brochure (exhibit BT4) produced in October 1994 is surprising. The explanation for that appears to be that Arnold did not provide such services as a discrete service but only in conjunction with its project/construction management or insurance adjustment roles. The evidence of Messrs Taylor, Holmes, Kitney and Orchard is that Arnold did provide quantity surveying services in this way in the early 1990s. In *Extreme Trade Mark* BL O/161/07, Mr Richard Arnold QC sitting as The Appointed Person, considered whether the strict rules of evidence apply to the Registrar’s tribunal. The relevant part of his decision is as follows:

*“Unchallenged evidence*

33. *Phipson on Evidence* (16<sup>th</sup> ed) states at paragraph 12-12:

‘In general a party is required to challenge in cross-examination the evidence of any witness of the opposing party if he wishes to submit to the court that the evidence should not be accepted on that point. The

rule applies in civil cases as it does in criminal. In general the CPR does not alter that position.

This rules [sic] serves the important function of giving the witness the opportunity of explaining any contradiction or alleged problem with his evidence. If a party has decided not to cross-examine on a particular important point, he will be in difficult in submitting that the evidence should be rejected.

However the rule is not an inflexible one...'

34. The authority cited in support of this statement of the law is the decision of the House of Lords in *Browne v Dunn* (1894) 6 R 67. The relevant passages from the speeches are set out in the judgment of Hunt J in *Allied Pastoral Holdings v Federal Commissioner of Taxation* (1983) 44 ALR 607, the material parts of which are quoted in the judgment of the Court of Appeal in *Markem Corp v Zipher Ltd* [205] EWCA Civ 267, [2005] RPC 31 at [59]-[60].

35. In my judgment the learned editors of *Phipson* are correct to say that the rule is not an inflexible one. There are at least two well-established exceptions to it. The first is that, as the speech of Lord Herschell LC in *Browne v Dunn* makes clear, it may not be necessary to cross-examine on a point if the witness has been given full notice of it before making his statement. As I pointed out in *BRUTT Trade Marks* [2007] RPC 19 at [23], this may be significant in registry proceedings where evidence is given sequentially. The second is that a court is not obliged to accept a witness's evidence in the absence of cross-examination if it is obviously incredible: see *National Westminster Bank plc v Daniel* [1993] 1 WLR 1453.

36. Where, however, evidence is given in a witness statement filed on behalf of a party to registry proceedings which is not obviously incredible and the opposing party has neither given the witness advance notice that his evidence is to be challenged nor challenged his evidence in cross-examination nor adduced evidence to contradict the witness's evidence despite having had the opportunity to do so, then I consider that the rule in *Brown v Dunn* applies and it is not open to the opposing party to invite the tribunal to disbelieve the witness's evidence."

87. It is therefore necessary for me to consider whether the written submissions filed on behalf of Ashford are inviting me to disbelieve evidence that has not previously been challenged. I do not think that this can be said of the evidence of Messrs Taylor, Holmes and Kitney. Mr Millican's second witness statement gave notice that Ashford challenged the accuracy, completeness and relevancy of their evidence. APS could have asked for permission to file further evidence from these witnesses if it so wished. In my view, it was not necessary in these circumstances for Ashford to ask to cross examine these witnesses before asking for their evidence to be taken at less than face value.

88. This is particularly relevant to the evidence of Mr Taylor. His initial evidence was that Arnold provided quantity surveying services from 1992. His later evidence indicated that further research had revealed that Arnold had provided such services from 1985. He was therefore clearly relying more on documentary records than on his own knowledge. He provides (as exhibit BT (2) 2) a number of documents evidencing Arnold's appointments between 1990-94. None of these mention quantity surveying as such. The documents describe appointments to provide construction management services. Mr Taylor says that Arnold's Construction Managers also provided quantity surveying services. In each case where a definition of the services existed the relevant part of the document has not been provided, and no explanation has been given for its omission despite the very obvious significance of the definition of services to Mr Taylor's claim. Mr Millican specifically drew attention to this omission in his second witness statement, but APS choose to do nothing to correct it. I am left with the impression that APS choose to file only "selected pages" from these documents because the full documents would not have supported Mr Taylor's claim that Arnold provided quantity surveying services in all the instances he claims. Nevertheless, there are two instances in which the appointment documents show that Arnold provided a 'Cost Consultant' on projects prior to 1994, and Mr Millican of Ashford accepts in his evidence that this term may be used to mean quantity surveyor.

89. Mr Kitney is an Associate Director of APS. His evidence is that three other Arnold employees called David Styler, Jill Kennedy and Mark Hammond undertook quantity surveying on a project in 1993 for which he acted as Site Manager. He exhibits part of a "method statement" and works particulars, the former of which indicates that the three people named were to work on the project as "Financial Controllers". There is no reference in either document to quantity surveying services as such.

90. His evidence is, however, supported by that of Mr Holmes. Mr Holmes has not worked for Arnold since 1995. He therefore appears to be an independent witness. He says that Arnold provided quantity surveying services as part of its project work. He doesn't place his evidence in a specific timescale. However, he worked for Arnold between 1990 and early 1995 and I think it reasonable to infer that his comments relate to this period.

91. There is also the evidence of Robert Bashford (see paragraph 42 above) who also says he has known Arnold as APS since 1994 and associates APS with project management and quantity surveying. However, as I noted earlier, it is not clear from his evidence whether he associated Arnold with quantity surveying. In this connection, I note Mr Taylor's evidence that APS has offered quantity surveying as a discrete service since it adopted the APS and handstand mark in June 2000 and that the cost management part of APS's business grew to the point that an off-shoot business was established in 2005, the year before Mr Bashford's statement was made. It is therefore quite likely that Mr Bashford's association between APS and quantity surveying is a result of APS's relatively recent activities rather than those of Arnold.

92. APS's best witness in this respect appears to me to be David Orchard. He seems to be an independent witness and his evidence does not appear to me to have been challenged by Ashford. His evidence is summarised in paragraph 71 above. He says that Arnold provided quantity surveying services under the guise of "project support services" on a project he managed for them in 1993. He provides a contemporaneous document which defines what he means by this.

In short, the quantity surveyor provided by Arnold was undertaking “cost monitoring and technical overview of proposals submitted by others for repairs ....”.

93. Taking this evidence together, I think that it is tolerably clear that by 1993 at least, Arnold was providing a costing service comparable to quantity surveying as an adjunct to some of its construction management services. There is no evidence that this formed a significant part of its business. Further, Arnold does not appear to have advertised the provision of quantity surveying (or cost planning) as a discrete service.

94. Mr Taylor and Mr Arnold give evidence that Arnold managed the design process on projects as part of its project/construction management roles (see paragraphs 14 and 25 above). However, I can see no evidence that Arnold undertook any design work itself.

### **Was Arnold’s goodwill effectively transferred to APS in 2004?**

95. It is submitted on behalf of Ashford that the Transfer Agreement dated 1 May 2004, through which Arnold’s goodwill was assigned to APS, was ineffective for three reasons. Firstly, because there is no evidence that the terms of the agreement were complied with. Secondly, because it is not clear which trade names were transferred. Thirdly, because the goodwill transferred related only to the business of project management. In this last respect it is submitted that as Arnold’s business appears to have gone wider than project management this is tantamount to assigning the trade names without all the goodwill in the business, which is ineffective as a matter of common law.

96. Mr Wallace and Mr Taylor give evidence that the goodwill of Arnold’s business was transferred to APS in 2004. Ashford has not sought to cross examine these witnesses. Nor has it given them any notice of the first point that the agreement was ineffective in the absence of evidence that its terms were complied with. In these circumstances, it is not open to Ashford to invite me to disbelieve their evidence that the transfer of goodwill took place on the ground that the terms of the Agreement may not have been complied with. In any event, in the absence of evidence to the contrary, I would have held that on the balance of probability the terms of the Agreement were likely to have been complied with.

97. The second point is correct but irrelevant. The Agreement gives the assignee the right to represent itself as Arnold’s successor and to use all the trade names by which Arnold was known. By 2004 this self evidently included APS (at least in combination with the handstand device) and plainly put the opponent in the position to take any action that Arnold itself could have taken to have prevented others from misrepresenting themselves through the use of the letters APS.

98. I do not think that a fair reading of the Transfer Agreement leads to the conclusion that it transferred only part of Arnold’s business to APS. The fact that Arnold subsequently ceased trading confirms this analysis. I therefore reject the submission that the transfer of goodwill was ineffective because it failed to transfer the whole of Arnold’s business to APS. In my view, the better explanation for Arnold’s business being described in the Transfer Agreement as a “project management business” is that this description was thought to be a sufficient means of describing



the whole of the business conducted by Arnold, the other elements of its business being adjuncts or ancillary to its project management business. I therefore find that the Transfer Agreement did transfer the whole of the business of Arnold and the associated goodwill to APS.

### **Did the Opponent's own business give rise to a goodwill under the letters APS?**

99. There is no doubt that APS has used the composite APS and handstand trade mark on its stationery and signage since June 2000, and on a significant scale. Even without the third party evidence described above, I would have been prepared to infer that this use would have given APS a right to prevent third parties from misrepresenting themselves as "APS". It is submitted on behalf of Ashford that the concurrent use by Arnold and APS of the same mark prior to the transfer of Arnold's goodwill in May 2004, means that the mark was not truly distinctive of either business. That is strictly correct. However, it is well established that a mark can be simultaneously distinctive of several businesses with the result that they can take action against third parties but not against each other. This is a clear example of just such a situation. I find that at May 2004, the APS and handstand mark was distinctive of APS and Arnold. The fact that it was distinctive of both does not mean that it was distinctive of neither. By the date of the application later in 2004, APS owned the goodwill from both businesses and (leaving aside Ashford's claim) the mark was by then distinctive of one business.

100. Mr Wallace gives evidence of the services offered by APS from June 2000. These are described at paragraph 34 above. The core services were project management which accounted for the majority of the opponent's turnover but other ancillary services were offered from the outset, including building surveying and cost planning. However, according to Mr Wallace's e-mail to Mr Millican in October 2004, building surveying services represented only a small part of APS' business even by that date. I note that Lucy Barrett, Robert Bashford and Julian Simmonds associate APS with quantity surveying services as well as project management. This is likely to be because of the "cost planning" services offered by APS since 2000. However, it is noteworthy that despite filing six ring binders of documentary evidence, the only express reference in contemporaneous documents to APS (or Arnold) having provided quantity surveying services is a reference to the provision of "cost planning and QS" services on APS's web site in 2005.

### **How was Ashford's business known and at which dates?**

101. Mr Millican, Ashford's principal witness did not join the company until 2005 and cannot therefore provide a first hand account of how Ashford identified itself between 1994 and the date of the application in 2004. However, he does provide a substantial number of contemporaneous documents which largely speak for themselves. Notwithstanding the evidence of Katherine Williams (see paragraph 74 above) that Ashford advertised itself as "Ashford Property Services" in the RICS Directory between 1996 and 2002, I consider that the documents attached to Mr Millican's first statement and summarised in paragraphs 48-51 above, are sufficient to establish that

- a) Ashford traded from 1994 to early 2001, primarily under the composite APS/Ashford Property Services mark shown at paragraph 48 above, and

b) the business was commonly referred to by those with whom it did business as “APS”.

I may have come to the same conclusion even without sight of the many letters addressed to Ashford as “APS” (or similar) during this period. This is because the composite mark used by Ashford featured the letters APS in much larger letters than the name Ashford Property Services. It was more predictable that the use of that signage would have encouraged third parties to refer to Ashford as “APS” than it was that Arnold’s comparable use of its composite APS/Arnold Project Services mark (where the words Arnold Project Services were larger relative to the letters APS) would have produced the same result (which it nevertheless appears to have done). I therefore find that the business conducted by Ashford from 1994 was from the outset identified by the letters APS and that Ashford had a commercial goodwill under that sign from 1994.

102. That is not to find that the words Ashford Property Services played no part in the identification of Ashford’s business. Mr Ashford was the leading force in that business and it appears from Mr Millican’s evidence that personal recommendation and repeat business have always been central to Ashford’s business methods. The inclusion of the name Ashford Property Services on Ashford’s stationery and advertisements (albeit in relatively small font compared to the font used for the letters APS) and its customers’ knowledge of Mr Ashford’s role in the business would have served as a constant reminder to its existing customers that APS stood for Ashford Property Services.

103. Mr Millican’s evidence is that building surveying was always the core of Ashford’s business and this is reflected in the evidence. In particular, the majority of the invoices in exhibit CM3 to his first statement are for what appear to be building surveying services. However, there are also a number of invoices for “project co-ordination services” the earliest of which is dated 10 October 1994. The earliest invoice for “project management services” as such is dated 31 August 1997 and is in connection with a project at City Gate House, London EC2. This invoice is also the first to specifically mention the provision of quantity surveying services. I noted earlier (see paragraph 75 above) that Ashford’s listing in its local directory in 1997 also recorded that it provided project management services. The second invoice for project management services as such in respect of a different project is dated 30 October 1999 and relates to a project at Maritime House in Barking. Project management services are mentioned more often in the later invoices. There are 4 invoices for these services in 2004 and 6 in 2005, although some of these invoices relate to continuing work on the same projects. There are only a small number of invoices which mention quantity surveying services. However, I note that the evidence of Mr Taylor of Arnold/APS (see paragraph 22 above) is that Ashford has historically been known for building and quantity surveying. That is not surprising given that Ashford has always been a firm of Chartered Surveyors. Mr Millican also claims that Ashford provided design services. This is not self evident from the documentary evidence filed and, as I have already noted, Mr Millican is not in a position to give first hand evidence of the situation prior to the relevant date. I note from the documentary evidence he filed (as exhibit CM28) that Ashford was associated with a project that won a design award in 2003, but the papers indicate that the design work was undertaken by a firm of architects.

104. I conclude that Ashford's business was primarily building surveying but that it has also offered quantity surveying and project co-ordination and project management services. This last part of the Ashford's business appears to have become more important since 1997. This is consistent with its current membership of the Association of Project Managers and the evidence of its more recent public facing project management activities, as noted in the evidence of Mr Paskin and Mr Darling.

## **THE LAW**

### **The relevant law of passing off**

105. Section 5(4)(a) of the Act states that a trade mark shall not be registered

“....if, or to the extent that, its use in the United Kingdom is liable to be prevented-  
a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade”

106. The requirements to succeed in a passing off action are well established and are summarised in *Halbury's Laws of England* 4<sup>th</sup> Ed. as being:

- i) that the claimant's goods or services have acquired a goodwill or reputation in the market and are known by some distinguishing feature;
- ii) that there is a misrepresentation by the defendant (whether or not intentional)
- iii) leading or likely to deceive the public; and
- iv) that the claimant has suffered or is likely to suffer damage as a result of the erroneous belief engendered by the defendant's misrepresentation.

107. The distinctiveness of a mark may withstand a degree of concurrent use by others and remain enforceable against third parties: *Star Cycle Co. Limited v Frankenbergs* [1907] 24 RPC 405. Where a mark is simultaneously distinctive of two businesses, neither may be able to succeed in an action for passing off against the other. This is because, as Oliver L.J. said in *Habib Bank Ltd v Habib Bank AG Zurich* [1982] RPC 1 at 24:

“....where you find that two traders have been concurrently using in the United Kingdom the same or similar names for their goods or businesses, you may well find a situation in which neither of them can be said to be guilty of any misrepresentation. Each represents nothing but the truth, that a particular name or mark is associated with his goods or business.”

108. In *Daimler Chrysler v Alavi* [2001] RPC 42, Pumfrey J. expressed a similar view when he said:

“I should just add that there must come a time after which the court would not interfere with a continued course of trading which might have involved passing off at its inception but no longer did so”

The judge proceeded to place a timeframe on this when he said:

“logically this point would come six years after it could safely be said that there was no deception and that independent goodwill had been established in the market by the protagonists.”

109. However, a senior user of a mark is entitled to continue with use that was innocent at its inception even if that use subsequently comes to constitute a misrepresentation to a section of the public: see, for example, *Midgley v Morris & Cowdery* [1904] 21 RPC 314 and *Stacey v 20/20 Communications* [1991] FSR 49.

110. Nevertheless, where goodwill in a mark is shared between two parties either party may, in appropriate circumstances, be able to succeed in a passing off action against the concurrent user. This may be the result if one of the parties expands its business into (or further into) the field of business or the geographical area of the other: see for example, *Provident Financial v Halifax Building Society* [1994] FSR 81 and *Reed Executive plc v Reed Business Information Ltd* [2003] RPC 12. In the latter case Pumfrey J. at first instance observed:

“To anticipate, when two traders with confusingly similar marks operate in fields which are sufficiently different that neither substantially affects the other (or shows up on the other’s radar, to use a metaphor employed by one of the witnesses) it goes without saying that if one of them expands its activities with the result that there could be a risk that what was previously mere confusion becomes deception causing damage to goodwill there is a positive duty upon that trader to take such steps as may be necessary to reduce that risk to zero.”

111. Similar considerations may also apply where one of the parties changes its insignia so as to decrease the distinction between its insignia and those used by the other party : see *Sir Robert McAlpine Ltd v Alfred McAlpine* [2004] RPC 36.

### **The relevant date for the purposes of the section 5(4)(a) objection**

112. It is well established that the relevant date in a passing off action is the date of the commencement of the action complained of: *Cadbury Schweppes Pty Ltd v Pub Squash Co Pty Ltd* [1981] RPC 429. Although it has not been spelt out in these terms, I understand from the way that APS’s witnesses have stated their case, and from the written submissions I have received on behalf of APS, that its position is that Ashford began passing off when it dropped the designation “Ashford Property Services” from its composite APS/Ashford Property Services mark and began trading as APS Chartered Surveyors in January 2001. I will therefore consider that date to be the commencement of the activity complained about.

113. The objection under section 5(4)(a) must, however, be assessed as at the date of the application on 29 October 2004. This follows from Article 4(4)(b) of Directive EC/89/104 (which is the basis for section 5(4)(a) of the national law) which states that an opponent's right to prevent the use of the mark applied for must have existed at the date of the application for registration. Under the national law of passing off, that cannot be the case where the objector had no right to prevent the offending use at the date it commenced. However, where the objector did have such a right at the date of commencement, it is also necessary to consider whether it retained that right at the date of the application for registration. Ultimately, therefore, the matter falls to be determined on the basis of whether, and to what extent, the opponent was in a position to prevent the use of the mark applied at the date of the application on 29 October 2004. In order to determine that matter it will be necessary to consider the position at earlier times, including January 2001.

### **APPLICATION OF THE LAW TO THE FACTS**

114. It is evident from the above findings of fact that the marks used by the parties, and the services they provide, have grown closer together between the commencement of the applicant's business in 1994 and the date of the application in 2004. In 1994, Arnold was trading under its composite APS/Arnold Project Services mark. It was known as "APS" but its customers would have known that these letters stood for 'Arnold Project Services'. At that time, Arnold was known for its primary project and construction management services. It had also provided some related services which were adjuncts or ancillary to its principal business. The most relevant of these services was quantity surveying, which it appears to have provided on only a small scale and only in conjunction with other services. There is no evidence that Arnold had a reputation for these services.

115. In my judgment, Ashford was not infringing any common law rights that Arnold had at that time when it began providing building surveying services in 1994 under its APS logo mark. Building surveying services were significantly different to the project/construction management services for which Arnold had a reputation at that time. Further, as Mr Millican notes (and as I think is common knowledge), the use of initials is a common means of identifying businesses in many service sectors, including the construction sector. The public are aware of this. The use of the same letters by different businesses within the same general service sector will not therefore inevitably lead to deception. I do not therefore consider that when Ashford first used the letters APS to distinguish its surveying business that it was under any duty to further distinguish its use of those letters from the comparable use of those letters by Arnold in relation to its business.

116. It is not claimed that Arnold started to provide building surveying services until 1998. And the supporting evidence for this claim is thin to the point of non-existent. By that time Ashford had established an independent goodwill in its surveying business. That business was from the outset commonly known as "APS". In my view, APS's claim that Ashford's use of the letters APS for building surveying services constituted a misrepresentation in January 2001 must therefore fail. This is because Ashford is in fact the senior user of the letters APS for those services. Any use that Arnold and APS made of the letters for building surveying services between 1998 and January 2001 was junior user. I do not therefore think that Arnold or APS were in a position in January 2001 to object to the continued use by Ashford of the designation

‘APS chartered surveyors’ (without the designation Ashford Property Services) in relation to building surveying services. And as the words ‘chartered surveyors’ are purely descriptive, I think that the same would have applied to Ashford’s use of the letters APS alone.

117. Similarly, the opponent’s use of the APS and handstand device mark for project management services in June 2000 was junior user to Ashford’ use of the designation “APS” for comparable services in 1997. Consequently, APS could have had no claim for passing off against Ashford in January 2001 on account of its more recent and junior use. However, by the date of the application, APS had acquired the senior business of Arnold and was in a position to take any action against Ashford that Arnold itself could have taken. Accordingly, in assessing whether there is a prima facie case that Ashford’s use of the letters “APS” (without the designation Ashford Property Services) for project management services was susceptible to a claim of passing off, it is necessary to focus on Arnold’s business.

118. By January 2001, Arnold had a long established project management business which was identified by the letters “APS”. There is therefore a strong prima facie case that Ashford’s use of its “APS” mark for project management and project co-ordination services was susceptible to a claim for passing off both in January of 2001 and at the date of the application.

119. It is submitted on behalf of Ashford that that Arnold acquiesced with Ashford’s use of “APS” and therefore could not object at the date of the application. Given that Ashford’s mark is not registered the potential for statutory acquiescence under section 48 of the Act does not arise: see *Sunrider v Vitasoy* [2007] RPC 29. I therefore understand the submission to be that APS is prevented from asserting a claim of passing off against Ashford by virtue of an estoppel through acquiescence. However, an estoppel can only arise where the claimant has previously given some form of encouragement to the defendant. There is no suggestion of that here. Consequently, no question of estoppel can arise.

120. In the alternative, it is submitted that irrespective of Arnold’s goodwill, Ashford has a right to continue to use “APS” because it had been using that sign for 10 years prior to the opposition being brought and during that period had established its own independent goodwill. It is true that Ashford had been providing project co-ordination/management services for 10 years prior to the date of the application. However, unlike the position with surveying, by the time Ashford provided project co-ordination services in 1994, and project management services in 1997, Arnold had an established project management business. On the evidence, this business was commonly known as “APS”. There was therefore a duty on Ashford from the outset to distinguish its project co-ordination/project management services from those of Arnold. In this case the use of the letters “APS” only in conjunction with the name Ashford Property Services appears to have been sufficient to satisfy that requirement and to avoid deception. However, the change in Ashford’s branding in 2001 removed those distinguishing words. Further, in the years that followed Ashford appears to have expanded the project management side of its business and started to represent itself more openly as a project management business. In my judgment, the change of branding and the expansion of Ashford’s business further into the area of project management left it susceptible to a claim that in 2001 it started to misrepresent itself as Arnold, or as being connected with Arnold.

121. I cannot find anything in the evidence that proves that Arnold's (now APS's) customers have ultimately been deceived by Ashford's promotion of project management services under its new branding. The main reason for APS receiving telephone calls intended for Ashford appears to me to be confusion arising from the similarity of the parties' names and the fact that Ashford does not publicise its own telephone number. However, the lack of evidence that people have ultimately been deceived by Ashford's use is not decisive for two reasons. Firstly, although this seems to be changing, Ashford has until relatively recently observed a policy of avoiding general advertising of its services, preferring to rely on repeat business from its existing customers. This would have tended to minimise any deception. Secondly, it is notoriously difficult to obtain evidence from those who have been completely deceived because, for obvious reasons, they will not usually realise it. Nevertheless, the evidence of Messrs Simmonds, Darling and Paskin (see paragraphs 43 and 44 above) illustrates the substantial scope for deception. This is further highlighted by the fact that both parties are now listed under the letters "APS" (and without effective distinguishing matter) in the Association of Project Managers Yearbook. In my view, the use in January 2001 by Ashford of the letters "APS" without the words Ashford Property Services, to identify its project management services, created a high probability of deception. There is no compelling evidence that any deception was intended, but this is not necessary in order for me to find that such use was a misrepresentation.

122. The potential for damage from such a misrepresentation is clear. Given Arnold's (now APS's) established reputation in this area, there was a definite risk of diversion of business from APS to Ashford and the certainty of further erosion of the distinctiveness of "APS" as identifying the project management business previously conducted by Arnold.

123. I do not consider that the position was any different at the date of the application. It is true that by this date Ashford had been trading for over three and half years under its new (Ashford-free) APS brand. This is well short of the period of concurrent use envisaged by Pumfrey J. in *Daimler Chrysler v Alavi* after which the courts might decline to prevent use which constituted passing off at its inception. Further, on its own evidence Ashford's concurrent goodwill existed mainly amongst its existing clients who would have been aware of the firm's origins as Ashford Property Services. By contrast, once registered, Ashford would be free to promote its APS trade mark in any way that it wishes for both on and off site project management services. Greater visibility of Ashford's APS mark for project management services would result in deception and damage to APS' goodwill (including the goodwill transferred to it from Arnold).

124. I therefore find that the use by Ashford at the date of the application of the letters APS alone for project management services in both classes 37 and 42 was liable to be prevented by the law of passing off and the objection to the registration of the mark for these services succeeds accordingly.

125. This brings me to the question of quantity surveying services. As I noted earlier, the first documented instance of Ashford having provided quantity surveying services by reference to the letters "APS" comes from an invoice dated 1997. This means that Ashford's use of those letters must have been innocent at its inception with regard to APS's subsequent adoption in June 2000 of its APS and handstand mark. In these circumstances, I do not consider that APS was in any

position to bring a passing off claim against Ashford in January 2001 or (at least on account of just its own use) by the date of the application.

126. It is therefore again necessary to focus on the question of whether the business conducted by Arnold provided the basis for such a claim. Arnold appears to have provided cost planning or cost control services. These services do not seem to have provided on more than an occasional basis as an extension of Arnold's principal role of project or construction management. There is no evidence that Arnold ever offered quantity surveying or cost planning/control as a discrete service. And there is no evidence that it ever represented itself as a provider of quantity surveying services. The correct legal test is whether, on the balance of probabilities, a substantial number of persons would have been misled by Ashford's use of the designation "APS": *Neutrogena Corporation and Another v Golden Limited and Another* [1996] RPC, 473. In the circumstances described above, it appears to me that there is no prima facie case for supposing that in January 2001 those in the relevant sector would have expected an offer to provide quantity surveying services under the letters APS (without the words Ashford Property Services) to have originated from Arnold.

127. However, even if that is wrong and there is a prima facie case of passing off at that date, it is also necessary to consider the position in 1997 when the evidence shows that Ashford first provided quantity surveying services by reference to the letters APS. Ashford had established a business as a firm of Chartered Surveyors by 1997. The evidence shows that this business was commonly identified by the letters APS. In these circumstances it seems unlikely that Ashford's offer to provide quantity surveying services under the letters APS in 1997 would have been regarded by a court as a misrepresentation given the nature and extent of Arnold's goodwill at that time. Accordingly, the use of the letters "APS" by Ashford was innocent at its inception. Unlike the position with project management services, Ashford did not need to rely upon the words "Ashford Property Services" to avoid deceiving the public as to the source of its quantity surveying services.

128. If this is a correct analysis of the position in 1997, then the position in 2001 (and by extension the date of the application) could not have been made any worse (from Ashford's point of view) by Arnold's decision in 1998 to drop the words "Arnold Project Services" during the course of its re-branding as APS Project Management. Further, the use of this mark between 1998 and 2000 could only have reinforced the public's perception of Arnold as a project management business. If I am right that Ashford did not need to rely upon the effect of the words "Ashford Property Services" in order to distinguish its quantity surveying services from Arnold's business, then dropping those words from its branding in 2001 did not mean that its continued use of the letters alone became a misrepresentation. Consequently, Ashford's use of the mark applied for in respect of quantity surveying services was not liable to be prevented by the law of passing off at the date of the application.

129. The other services covered by the application are 'architectural and design' services. Both sides claim to have provided such services. Both sides appear to have managed architectural and design input as part of their project management roles. However, neither seems to have any reputation as architects or designers in their own right. There is therefore insufficient evidence for me to find that any of the parties involved had a relevant goodwill in January 2001, or by the



date of the application. As the onus is on the opponent, this means that the opposition to the registration of the mark for these services must fail.

### **CONCLUSION**

130. The opposition under section 5(4)(a) succeeds in respect of project management services in classes 37 and 42, but otherwise fails.

### **COSTS**

131. Both sides have achieved a measure of success. In these circumstances I believe that the parties should meet their own costs. I do not therefore propose to make any award as to costs.

**Dated this 12 Day of October 2007**

**Allan James  
For the Registrar**