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(Cite as: [2002] F.S.R. 6)

***111** Easyjet Airline Co. Ltd v. Dainty (t/a EasyRealestate)

In the High Court of Justice--Chancery Division

Ch D

Before: Bernard Livesey Q.C. (Sitting As A Deputy Judge of the High Court)

February 19, 2001 [FN1]

H1 Passing off--Internet domain name and website--Summary judgment-- Remedies--Whether to order inquiry as to damages--Whether to order transfer of domain name.

H2 The first claimant was the well known "easyJet" airline and the second to fourth claimants were associated companies in the "easy" group and used the trading styles "easyEverything" for Internet cafes and "easyRentacar" for a care hire business. The fifth claimant was established to hold the intellectual property rights of the group. The group used a distinctive get-up, namely a bright orange background with plain white lettering, although occasionally the colours were reversed. All the claimants did a substantial amount of their business over the Internet.

FN1 Paragraph numbers added by the publishers.

H3 The defendant was a works manager in a civil engineering company. He had virtually no computer experience but decided to set up a cut-price estate agency service on the Internet and eventually chose the domain name "easyRealestate.co.uk" and paid a designer to produce a website for him.

H4 The claimants contended that the get-up of the web pages and the domain name established a clear intention that the defendant had sought and achieved a similarity suggestive of an association with easyJet and issued proceedings for passing off and sought summary judgment. In addition to the usual

remedies, the claimants sought an order that the domain name be transferred to them.

H5 The defendant argued that the claimants could not claim a monopoly in the word "easy", that none of the claimants operated an estate agency business, that he did not know specifically of the colours used by the claimant and had no intention to take advantage of their goodwill. However, prior to setting up his website, he had written to the founder of the claimants attempting to induce him to enter into a partnership *112 arrangement of some sort because the defendant required capital in order to get his idea up and running. He did not, however, approach any other person or organisation for finance. The defendant's response on receiving the letter before action was to assert rights in the domain name and to claim that the website was a tremendous success and that he had already had substantial offers for it and was putting it up for auction. None of this was true. He did, nevertheless, change the colours on his website to blue and yellow.

H6 The judge found that the elements of the tort of passing off had been made out (see below). After the orders sought had been explained to him, the defendant consented to an injunction and orders for delivery up and an inquiry into damages. He did not consent to the order seeking transference of the domain name because he still believed he had obtained the domain name legitimately, that he had paid what, to him, was quite a large sum of money and he wanted to be able to keep the name either to use it himself or to sell it to a third party.

H7 Held, granting summary judgment:

H8 (1) Both the defendant's intention to take advantage of the similarity and the appearance of his website in comparison with that of easyJet pointed to the conclusion that there was a likelihood of deception of the public. The other elements of the tort of passing off, namely reputation and goodwill and likelihood of damage had also been made out.

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Harrods Ltd v. Harrodian School Ltd [1996] R.P.C. 697, CA, Neutrogena Corporation v. Golden Ltd [1996] R.P.C. 473, and Reckitt & Colman Products Ltd v. Borden Inc. [1990] R.P.C. 341, HL referred to.

H9 (2) The defendant had done minimal, if any, business through his website and the amount of damage to the claimant was probably minimal. It would be disproportionate to the amount of any damages that might be recovered to order an inquiry as to damages or an account. Such an order in favour of a huge organisation might also serve as a vehicle of oppression against an individual.

H10 (3) The defendant did not have any legitimate underlying business to protect and did not appear to have a proper understanding of what the litigation was about and how to conduct himself in the light of any order the court might make. There was a realistic possibility that he might sell the domain name to someone else who might have an intention to do no good, who might be worthless, difficult to find and who might then do damage the claimants for which they might not have any entitlement to recovery.

H11 (4) In the hands of the defendant the domain name was a "vehicle of fraud" and the remedy of transfer of the registration of the domain name to the claimants was appropriate.

Marks & Spencer plc v. One in a Million Ltd [1998] F.S.R. 265 and British Telecommunications plc v. One in a Million Ltd [1999] F.S.R. 1, CA referred to.

H12 *113 The following cases were referred to in the judgment:

British Telecommunications plc v. One in a Million Ltd [1999] F.S.R. 1, CA.

Harrods Ltd v. Harrodian School [1996] R.P.C. 697, CA.

Marks & Spencer plc v. One in a Million Ltd [1998] F.S.R. 265.

Neutrogena Corporation v. Golden Ltd [1996] R.P.C. 473, CA.

Reckitt & Colman Products Ltd v. Borden Inc. [1990] R.P.C. 341, HL.

H13 Representation

Piers Acland instructed by Denton Hall appeared on behalf of the claimants. The defendant appeared in person.

Livesey Q.C.:

1 The first claimant in this action is a well known airline, which since 1995 has been engaged in low cost travel out of Luton Airport. The second, third and fourth named claimants are associated companies in the Group. They have been founded on the reputation which has been obtained over the last few years by easyJet itself. The fifth named claimant was registered in the latter part of last year for the purposes of holding all intellectual property rights in the first to fourth claimants and all the intellectual property rights in them have been assigned to it.

2 The defendant is employed as the works manager of a civil engineering business. In this action the claimants contending against him that he registered a domain name called easyRealestate.co.uk in March 2000 and by so doing and trading on the internet has been guilty of the tort of passing off. They seek an injunction against him to prevent his continuing to do so and certain other relief, to which I will come in a moment.

3 This hearing has proceeded as an application for summary judgment under CPR, Part 24.2. Evidence has been served by Mr Rothie, a director of the claimants, and by their solicitor on the one hand and by the defendant on the other. No oral evidence has been given. The defendant has not instructed lawyers to act for him and has appeared in person. During the latter part of last week he served a skeleton argument, which appeared not to dispute the claimants' entitlement to three parts of the relief which they claimed but did dispute an order that the defendant do forthwith take steps necessary to transfer the registration of the domain name easyRealestate.co.uk to the claimants. It became apparent on questioning him, however, that he did not accept the basic premise that his use of

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the name constituted the commission by him of the tort of passing off. Therefore, it seems to me that I must deal in this judgment first of all with the fundamental question whether the tort has been established to the requisite standard on the evidence which appears in the papers. I need also to consider whether there is any realistic prospect that the defendant has a defence to the claim.

4 The undisputed evidence shows as follows. The first claimant has since 1995 used the name "easyJet" as the distinctive trading name of its airline operating out of Luton Airport. The business has been designed to be run largely over the Internet with passengers booking via the Internet, confirmation being given to them in the same way, including payment by means of secure websites designed for that purpose. Since that date it seems that a total sum of £30 million has been spent on advertising in the United Kingdom alone with a further £10 million advertising revenue being spent *114 abroad. With the benefit of that advertising the business has apparently secured a turnover in the last financial year of £267 million. The advertising for easyJet appears in a distinctive get-up, which can be seen by any person in the travel pages of many newspapers, on hoardings and on buses. It is a distinctive livery which has been applied to their aircraft as well.

5 The second claimant's life started more recently, though advertising revenue in the United Kingdom has already reached £2.6 million with a turnover of something of the order of £6.7 million. "EasyEverything" promotes Internet cafes, where again reliance is made on the distinctive livery and indeed on the goodwill which it attracts, and has already attracted, to the easyJet business itself.

6 The third claimant started trading in February 2000. Expenditure on advertising has been significant and turnover has been substantial since that time. Again the vehicles which are rented are able to be, and usually are, booked over the Internet. The livery of the vehicles is identical to that which is applied to the aeroplanes and the easyJet logo is displayed within the windows of the rental cars, and both services are commonly advertised in conjunction with each other.

7 I have talked already about the distinctive livery

and logo or get-up which applies to the business and it can be described in words to those who are not familiar with it as portraying the following distinctive combination of features. First of all, the name "easy" together with another word which alludes to the services in question being offered, so as to form one new word, such as the word "easyJet" in the case of the airline, or "easyRentacar" in the case of the third claimant. Secondly, the word "easy" in this formulation is in lower case in the case of every one of the uses of the combination. Thirdly, in every combination the first letter of the second word is displayed as a capital letter so that easyJet has a capital J, easyEverything a capital E and easyRentacar a capital R. Fourthly, in every case the get-up is against a bright orange background with plain white lettering except on occasions where the colouring is reversed so that the background is white and the lettering is in the same distinctive orange colour, as has usually been associated with the product in question.

8 The other matter which I have already mentioned is that one of the distinctive features is that business is either with, to do with, or conducted over the Internet so that the evidence suggests something of the order of 75, sometimes 81 per cent of bookings on an individual day might be done and conducted over the Internet, although it is possible for business to be conducted by telephone and I daresay by other means as well. But it is a highly Internet organised business and this is a matter which also needs to be taken into account.

9 As I have indicated, the defendant is employed as a works manager in a civil engineering company. Prior to January 2 he says that he had no computer and no experience in computing or of the Internet. He purchased his computer on January 2, 2000 with a view to providing an educational tool for his children. Subsequently in the heat of the Internet-related financial bubble in the early part of last year he appears to have hit upon the idea of *115 establishing a cut-price estate agency service on the Internet and, with the assistance of a colleague, he set about obtaining a domain name suggestive of the service which he wished to offer. He wanted in the first instance the name easyHome but that was not available. He tried for easyEstates but that also was taken. He ended up with the name

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easyRealestate.co.uk which provided him with the necessary verbal association with the cut-price estate agency which he wished to establish.

10 As regards web pages, these needed to be designed. He did not have the skill to do so. British Telecom, through whom he obtained the domain name made available a designer, who was able from various templates to suggest how a design might be made up. He met with the designer. The service cost £400 and between them they came up with the design which is shown in the papers before me and about which the argument in this case has turned.

11 The claimants contend that the get-up of the web pages and the domain name establishes a clear indication that the defendant has sought and indeed achieved a similarity suggestive of an association with easyJet. The defendant contends that that is not so; that the claimants cannot appropriate to themselves an entitlement to an exclusive use of the word "easy"; that as far as he knows none of the claimants has any estate agency or property business which is marketed either under a similar title to the one that he has selected or indeed at all. He says that he had no intention of taking advantage of the claimants' goodwill; he knew only of easyJet; he did not specifically know of their colours and he certainly for his part made no attempt to jump upon their bandwagon. That therefore sets the issue which must be determined before I consider whether any of the remedies which are sought can be made in these proceedings.

12 I turn first of all to the law. The law is not in dispute and can be put fairly briefly. In order to succeed in showing that the goods, services, business or goodwill of A are likely to be passed off as those of B, a claimant must establish three things; firstly, that his own goods, services and goodwill have acquired a particular reputation amongst the public; secondly, that persons wishing to buy his goods are likely to be misled into buying the goods and services of the defendant; and thirdly, that he is likely to suffer damage thereby: see *Reckitt and Colman Products Ltd v. Borden Inc.* [1990] R.P.C. 341, at L422, *per* Lord Jauncey.

13 The likelihood of deception is a question ultimately for the court to determine using its own common sense and its own opinion as to the

likelihood of deception. In order to determine whether deception is likely, all of the circumstances must be taken into account, including the similarity of the get-up of the marks in question: see *per* Jacob J. in *Neutrogena Corporation v. Golden Ltd* [1996] R.P.C. 473, at 482.

14 The question arises, what is the relevance of any proven intention to deceive? It is clear on the authorities that an intention on the part of the defendant to deceive the public is not a necessary ingredient of the tort. However, if in fact an intention to deceive is proved to be present, that may form potent evidence to support an inference that the deception is likely to be successful. In my judgment also it is clear that any intention to deceive *116 may also assist the court in determining what, if any, remedy is appropriate to secure for the claimant the protection that he is entitled to have. This of course only arises if both the likelihood of deception and the intention to deceive have been established.

15 The third element is the question of damage. Whether likelihood of damage can be established is a question also of fact. In this case it is of course relevant to notice that none of the claimants has until now run any property-related business. Therefore the point can legitimately be taken that if the defendant conducts his business under the easyRealestate name what he is certainly not going to achieve is the taking of any prospective customers from the claimants. That however does not deal with the whole question of damage because it is clear from the observations of Sir Michael Kerr in *Harrods Ltd v. Harrodian School Ltd* [1996] R.P.C. 697, at 724, that it is also legitimate to consider the possible damage to the claimant's goodwill, and to their own reputation in the conduct of their various business enterprises. He said:

In the great majority of cases the relevant damage will not be measurable in pounds and pence, but consist in the probability of damage to the plaintiff's reputation and goodwill which is ultimately liable to lead indirectly to a reduction in trade. Loss of distinctiveness causes damage to a reputation for excellence, and loss of trade will ultimately follow. The authorities show two relevant propositions in this regard. First, a debasement or dilution of the plaintiff's reputation, as a result of the action of the defendant, is a relevant head of damage. Secondly,

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... the court will have regard to the fact that the plaintiff has, to that extent lost control of his reputation and that he has therefore suffered damage to his goodwill by a potentially injurious association with the defendant ...

16 I move from there to consider whether on the facts of this case the likelihood of deception has been made out. I agree with the defendant that the claimants are not entitled to appropriate the word "easy" and prevent any businessman from using any name which includes the word "easy". However, in my judgment the test which requires to be established, that is to say that there is a likelihood of deception, is made out in this case not because the defendant has used the word "easy" but because of the four elements which I have already described as part of the livery or get-up of the claimants. As will also appear in due course, the notion that the defendant did not have the claimants' get-up in mind at the time he designed the web page is in my judgment simply not credible for a number of reasons. It seems to me that the design of the website was calculated to take advantage of as close an association with easyJet, as the defendant could devise. The benefit he sought was either the advantage of an association with their goodwill or direct investment funding by way of partnership with them or, more probably, the extraction from them of a proposition to buy him out, having regard to the similarity of the name that he had managed to obtain.

17 I have indicated that it was simply not credible that the defendant did not have the claimant's get-up in mind for the following reasons. First of all, he had no expertise in computing let alone the Internet before January 3, 2000. He has confirmed that he has not the slightest financial interest in real estate *117 apart from buying and selling his own home. Otherwise, he has no interest in estate agency, buying and selling houses or the like. He has made no real attempt to market his idea with the assistance of those who do have estate agency skills. He was not attempted to put his idea into practice in partnership with anyone with such skills. It is also quite instructive that he preceded his attempt to create this domain with a business approach made to easyJet itself. On disclosure of documents in this case there came to light a letter written by the defendant and a man called Grant Crawford, with

whom he had some association at the time, which reads, as far as is relevant, as follows:

Dear Stelios,

I can only think you were too busy to read my e-mail sent February 22, 2000. However, I didn't receive any response from either yourself or Mr Eilom. So to keep the momentum of the idea rolling I have since established the Internet site bringing me closer to realising the idea and concept. To view this website log on to www.easyRealestate.co.uk and give us your opinion.

We have a lot of admiration for the way you do business, which predominantly helps keep cost down for the people of Europe and the U.K. This idea is only going to enhance and endorse your saving policy as well as strengthen the growth of your corporation worldwide. ...

Our Belief

We believe that estate agents have had a fair crack of the whip over the last 40 years so now it is time to introduce some stiff competition to either drive their profits down or drive them out of business. After all, they cannot really justify their costs except by looking at their lavish lifestyles. We are determined to turn today's wish and I am sure the public will be only too pleased.

The concept of what we are proposing to do is to keep the cost of selling a house down. We know the system we are going to put in place will work given time and with good marketing will be a success. Again I ask for a reply/interview a.s.a.p. to discuss this matter further.

Your sincerely ...

It is quite clear, therefore, that the approach on February 22, 2000 by e-mail preceded the attempt to design and Internet site. The Internet site itself bore a strikingly similar appearance in the colours chosen and the get-up of the design to that of easyJet itself. It is notable that the approach to "Stelios", as he described him, followed the setting up of the website. The approach clearly was an attempt to induce easyJet to enter into a partnership arrangement of some sort because, as the defendant put it to me, he required capital in order to get his idea up and running. However, what also is material to note is that, after his approach to easyJet was ignored, he failed to make any approach to any other individual or organisation for investment

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funding of any sort.

18 The first reaction that he received from easyJet was a letter before action dated June 16, 2000. It arrived with him apparently on June 23. His response was to write a letter dated June 25, which is in the papers before me. The relevant part is as follows:

Dear Sirs,

Thank you for your letter dated June 16, the contents of which I have noted. Since I registered the domain name and designed the website and how it works *118 it has been a tremendous success. Bearing in mind the fact that this site has been registered and the domain name being available, I am at a loss to know how you can claim I have no right to use this name and/or the design which was used without any knowledge except for the airline of your client's company and I would like to see your authority for such a claim.

Realising the potential of this address in the Internet property market for the next 25 years, I have contacted 11 Internet investors, from which I have had seven substantial offers to purchase the domain name from myself. All offers are to be made by e-mail in U.S. dollars. No offers will be accepted after close of business on Friday July 7, 2000. The highest bidder will own the domain name easyRealestate.co.uk. Any changes of design template, font or colour to the Internet website associated to this name will be at the new owner's discretion. Perhaps if you have got the right documentation to back your claims in your letter you will take the matter up with the new owner of easyRealestate.co.uk after July 7, 2000.

Yours faithfully ...

In fact, it was quite untrue to assert that the website was a tremendous success, as the defendant now acknowledges. Although the website itself proclaimed that it had achieved over one thousand "strikes" or "hits", it had not managed to attract more than one property for marketing. And although he represented that he had obtained seven substantial offers for the purchase of the domain name, he had not in fact received any. The conclusion is clear: the defendant had made those misrepresentations in order to deceive easyJet into increasing whatever price it might be prepared to pay him for the domain name to the registration of which he had beaten them.

19 It is clear after this time that on July 10 under the threat that he was under from the claimants he wrote to Nominet the following e-mail:

Thank you for your letter dated June 29, 2000, the contents of which I have noted. As from July 10, 2000 the website design associated to easyRealestate.co.uk has been changed in colour and in font. I can only hope that this will satisfy Denton Wilde Sapte's client. Please could you contact them for their opinion.

The long and the short of it is that the colour did change. The colour changed in order to make use of blue on yellow just to diminish slightly the similarity between the domain name that he had chosen and marketed from that of easyJet, but again the clear intention to market the site and obtain funds from it was clearly designed to encourage the claimants to put up substantial money in dollars to him in order to win what was supposed to be a competition for the domain name.

20 Whether one looks at the defendant's intention to secure the similarity so that he could take advantage of it on the one hand or merely looks at the get-up by its appearance as it is displayed on the website in comparison with that of easyJet, the conclusion to which I have come is that the likelihood of the public being deceived has been made out. Therefore the elements of the tort have in my judgment been established to the requisite standard.

21 The question which now arises is what remedies should be allowed. The remedies which have been sought in the application are firstly, an injunction to restrain the defendant from passing off any real estate business or real *119 estate services as or for the business or services of the third claimant or as connected or associated with the business or services of the claimants by use of any name, including without limitation any trading name or any domain name which consists of or includes the word "easy"; secondly, an order for delivery up, alternatively, obliteration upon oath of all articles and documents the use of which would contravene the foregoing injunction. I pause there to say that both of those orders are orders which the defendant has had explained to him and to which he consents. There is, thirdly, a request for an order for an inquiry as to the damages suffered by the claimants;

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alternatively, at the claimants' option an account of the profits accruing to the defendant by reason of the defendant's acts of passing off and an order that the defendant do pay to the claimants such sum as may be found due upon taking such an inquiry or account, together with interest thereon pursuant to section 35A of the Supreme Court Act 1981.

22 Again, having had the matter explained to him, the defendant has consented to that order being made. However, whether an order is made in those terms or not is a matter which the court must determine for itself. The fact that the defendant does not dispute the remedy is something which I can and do indeed take into account. The remedy is however discretionary and in the circumstances of this case I am not prepared to make an order in those terms. It is plain to me from what I have read that the defendant has not made any profit out of the site. He has done minimal, *if any*, business. The amount of damage that he has caused by what he has done to date to the claimants is also probably minimal at its worst; in order to discover whether damage has been done would involve an inquiry which would be difficult in the extreme and expensive to conduct and would clearly be disproportionate to the amount of any damages that it would be proper to award, should the evidence establish any loss. Such an order in favour of a huge organisation might also serve as a vehicle for oppression against an individual in the circumstances that are disclosed in this case.

23 The real issue in this case is the fourth order sought, that is an order that the defendant do forthwith take steps necessary to transfer the registration of the domain name easyRealestate.co.uk to the claimants. That is the area which is in dispute between the parties today. It is fair to say that as the argument began to be developed I had severe doubt as to whether I should make any order as sought. After all, it seemed to me that if a declaration were made and an injunction ordered it would have the effect of rendering the domain name unusable and and worthless. However, during the course of the argument my attitude has changed and I have been persuaded that this is an appropriate case in which to make the order. The reason why the defendant did not consent to making an order appeared during argument in the following terms. He said:

If I am successful in preventing an order being made I simply want to re-register the name in some slightly different form or transfer it to a third party because I do not accept that there has been any passing off. I have not really considered whether to take up the business myself and run it in some way. I would probably keep the formatting the same even if I changed the design of the web page in some way but he had not decided in what way. He said:

*120 I have already changed the colour scheme and I have reduced the capital "R" to a small "r".

His real objection is the fact that he believes he obtained the domain name legitimately and although he did not pay a huge amount of money it was significant enough money for him. He therefore feels that he has a right to keep the name and either to use it or to sell it or to use it to sell property or to sell something else, he had not even really thought what, "even candles", he said would be an appropriate thing that he should be entitled to sell under whatever name he likes. He said:

I do not really have any plans at the moment. I just do not see why the name should be taken off me when I got it legitimately.

He accepted that at the present time it was what I would call a shell of a name with no underlying business and no underlying goodwill.

24 It seems to me that what the defendant says indicates two material factors. First, that he does not have any legitimate underlying business to protect. Whatever he contemplates at the present time there is no underlying value apart from the initial costs of setting up the name in the first place. But secondly what is disclosed to me by what he said is that he does not have much conception of what this litigation is about or much judgement as to what is the proper way of conducting himself in the light of any order that this court makes. He appears not to have taken advice. If he has taken advice on a friendly basis from any lawyer it would appear that the lawyer may not be experienced in these intellectual property matters. He does not contemplate taking advice, has not done in the past and if he goes from this court with the intentions that he has disclosed to me, the situation is likely to be fraught with danger not merely to him but also to the claimants, in that the scenario which I had initially thought, during Mr Acland's submissions,

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to be unrealistic has suddenly become entirely realistic. That scenario was that the defendant might sell the domain name to someone else who might have an intention to do no good, who might actually be worthless, difficult to find and who might then do damage to the claimants for which they would not have any entitlement to make any recovery.

25 I come back therefore to the words of Aldous L.J. in *British Telecommunications plc v. One in a Million Ltd* [1999] F.S.R. 1, the question being whether any name is going to be an instrument of fraud at p. 18:

... there can be discerned from the cases a jurisdiction to grant injunctive relief where a defendant is equipped with or is intending to equip another with an instrument of fraud ...

If a name is identical or has such similarity that it would inherently lead to passing off it will obviously follow that that name is an instrument of fraud but, as Aldous L.J. makes clear, the fact that the use of the name is not inherently leading to passing off does not follow that it is not an instrument of fraud. Aldous L.J. says at p. 18:

The court should consider the similarity of the names, the intention of the *121 defendant, the type of trade and all the surrounding circumstances. If it be the intention of the defendant to appropriate the goodwill of another or enable others to do so I can see no reason why the court should not infer that it will happen, even if there is a possibility that such appropriation would not take place. If, taking all the circumstances into account, the court should conclude that the name was produced to enable passing off, is adapted to be used for passing off and if used is likely to be fraudulently used an injunction will be appropriate.

26 In this case I accept the submission that the name is not inherently one leading to passing off. However, the get-up in total was adapted to be used for passing off and if used in any of the manners that have been indicated by the defendant in my judgment probably will lead to passing off. An injunction therefore would be appropriate, the question being as to whether the order should be made that the domain name be transferred. Satisfied as I am that this is within the definition of "vehicle of fraud" and having regard to the expressed intentions of the defendant, I have come to the

conclusion that the remedy of transfer of the registration of the domain name would in principle be appropriate.

27 Such an order of transfer was made at first instance in the case of *Marks & Spencer plc v. One in a Million Ltd* [1998] F.S.R. 265. On appeal to the Court of Appeal, there was no suggestion that the remedy of transfer was inappropriate. Whereas it is clear that the domain names in that case were in the category of those which were inherently likely to lead to passing off and the name in the instant case is not in that category, it seems to me that the distinction is not of importance and the same principles should apply by natural extension. Accordingly, I do propose to make an order for transfer of the domain name in the terms sought.

28 There will therefore be judgment for the claimants in accordance with 1, 2 and 3 but not 4 of the terms of their application.

(c) Sweet & Maxwell Limited

END OF DOCUMENT