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England and Wales Court of Appeal (Civil Division) Decisions

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Case No: A3/2005/0726/0727

**IN THE SUPREME COURT OF JUDICATURE
COURT OF APPEAL (CIVIL DIVISION)
ON APPEAL FROM THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
Deputy Judge Richard Sheldon QC
HC04 C00516**

Royal Courts of Justice
Strand, London, WC2A 2LL
19/05/2006

Before:

**LORD JUSTICE TUCKEY
LORD JUSTICE CARNWATH
and
LORD JUSTICE JACOB**

Between:

**Phones4U Ltd
Caudwell Holdings Ltd**

**Appellants/
Claimants**

- and -

**Phone4u.co.uk Internet Ltd
Abdul Heykali
New World Communications (Southern
Division) Ltd**

**Defendants/
Respondents**

**Richard Miller QC and Michael Hicks (instructed by Messrs Eversheds) for the Appellants/Claimants
Ms Lindsay Lane (instructed by Messrs Bird & Bird) for the Defendants/Respondents
Hearing dates : 27/28 February 2006**

HTML VERSION OF JUDGMENT

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Lord Justice Jacob:

1. This appeal is from a judgment of 9th March 2005 (2005 EWHC 334 (Ch)) of Mr Richard Sheldon QC, sitting as a Deputy Judge of the Chancery Division. He held that the claimants' (whom I will collectively call Caudwell) action for passing off and infringement of registered trade mark failed. The complaint is about the first and second defendants' (whom I will collectively call Mr Heykali) registration and use of the domain name and email address "phone4u.co.uk". Mr Heykali has registered other similar names (as domain names and as a company name), but I do not think they fall to be considered separately. If the defendants cannot use "phone4u.co.uk" then it is not suggested they can use any of the others.

Background facts

2. Caudwell own and operate a nationwide chain of shops called "Phones 4u". The shops sell mobile phones, accessories and arrange customer contracts with mobile phone service providers. Caudwell first adopted the trading name "Phones 4u" in May 1995 and registered the domain name phones4u.co.uk in May 1997, from which date that address was used for email.
3. Caudwell's business grew successfully and fast. By the end of 1999 (just 4 months after the date of Mr Heykali's registration of the domain name phone4u.co.uk on 23rd August 1999) "there was a Phones 4u shop in most major towns and cities in England", (Judgment [89]). In 1999 alone Caudwell sold 185,000 phones. The details of the growth and annual turnover are set out at the judgment, [6].
4. The Judge found that:

"[6] The trading style "Phones 4u" adopted by the First Claimant was originally a logo in magenta and black and white. It incorporated the phrase "Phones 4u" in stylised form. The logo appeared on the First Claimant's shop fascias (other than on some three shops which were Vodafone sites) and on the First Claimant's advertising and promotional material.

[7] In about February 1997, the logo was changed to its current red, white and blue logo which contains the words "Phones 4u" in stylised form. [The Judge set it out as an annex. I set it out here. The "box" is red, the oval, blue]:



Thereafter, when new shops were opened or existing shops resited, the fascias would show the new logo. I was told that up to about 17 of the then existing shops (including the three Vodafone sites) retained their old logos until they were resited. In 2001 the last shop bearing the old logo closed. By about early 1999, the First Claimant's advertising and promotional material used the new coloured logo."

5. Caudwell advertised extensively. The Judge was critical of the evidence as to the amount of advertising spend, (see [94] – [106] where he goes into much detail). I think the precise or exact amount of advertising spend, which in other contexts might matter, is not in itself of great significance in a passing off action. What a passing off claimant needs to do is to establish that he has built up a goodwill which the defendant is invading by a misrepresentation. So what really matters at bottom is what the claimant actually did to create a goodwill, not how much it cost him to do it.
6. Here there is no doubt that by August 1999 Caudwell not only had a substantial high street presence with Phones 4u shops, but had advertised extensively in the national press, both broadsheet and redtop. Mr Miller QC for Caldwell took us through a lot of the advertisements. All use the logo, albeit in monochrome. Sometimes the words "Phones 4u" appear in small print. Also, as Miss Lane, for Mr Heykali, pointed out some give greater prominence to something else (e.g. "WOW We just made the 1p a minute Orange deal better"). But there can really be no doubt whatever that the business was widely advertised by reference to the logo, a prominent part of which is the name, Phones 4u.
7. On 23rd August 1999 Mr Heykali registered the domain name "phone4u-co.uk". From 28th November of that year if you went to the site you would be told that it would be "going mobile soon" and that it would be "up and running by 1st January 2000." It is not clear when it actually became active for trade – by March it was "currently under construction." The first sale via the web, according to a letter of Mr Heykali's solicitors, was on 24th March 2000. By then two letters of complaint had been sent by Caudwell's trade mark agents (on 19th January 2000 and 15th March), though they were not received. (Quite why such a long time elapsed between the two letters was never explained). During March 2000 a Caudwell agent, Mr Butler, was in discussion with Mr Heykali about the grant by Caudwell of a Vodafone dealership, which was granted a little later. In April or May Mr Heykali offered to sell the

domain name for a large sum of money: he untruthfully said he had been offered £100,000 for it by a third party.

8. The trade mark agents wrote for a third time on 6th April 2000. This time the letter was received and replies were sent and received denying liability both from Mr Heykali and his solicitors. It is an extraordinary fact that despite battle being joined then, these proceedings were not issued until 16th February 2004. It was in 1879 that James LJ observed that "the very life of a trade mark depends on the promptitude with which it is vindicated", *Johnston v Orr-Ewing* (1879) 13 Ch.D 434 at p. 464. Nothing has changed. Like gardens trade mark cases always get worse with neglect – even if rights are not actually lost, delay is apt to turn what would be over in a few weeks by a quick application into a mini State Trial. As here.

Passing off – the principles

9. It is well settled that the action for passing off lies to protect deceptive invasions of goodwill, goodwill being a species of property (see *Spalding v Gamage* (1915) 32 RPC 723). Perhaps the most famous judicial definition of the kind of goodwill protected by passing off is that of Lord Macnaughton in *IRC v Muller and Co's Margarine* [1901] AC 217 at 223:

"What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start."

10. The leading speech (that of Lord Oliver) in the most recent House of Lords case on the subject, *Reckitt & Colman v Borden* [1990] 1 WLR 491, (the *Jif Lemon* case), summarised the law this way (p 499D – H):

"It has been observed more than once that the questions which arise are, in general, questions of fact... The law of passing off can be summarised in one short general proposition – no man may pass off his goods as those of another. More specifically, it may be expressed in terms of the elements which the plaintiff in such an action has to prove in order to succeed. These are three in number. First, he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying 'get-up' (whether it consists simply of a brand name or a trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff's goods or services. Second, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff. Whether the public is aware of the plaintiff's identity as the manufacturer or supplier of the goods or services is immaterial, as long as they are identified with a particular source which is in fact the plaintiff. For example, if the public is accustomed to rely on a particular brand name in purchasing goods of a particular description, it matters not at all that there is little or no public awareness of the identity of the proprietor of the brand name. Third, he must demonstrate that he suffers or, in a *quia timet* action, that he is likely to suffer damage by reason of the erroneous belief engendered by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the plaintiff".

So, three questions: (a) reputation, i.e. goodwill? (b) misrepresentation? (c) damage or its likelihood?

11. It must be noted that Lord Oliver does not limit damage to a particular sort of damage, particularly direct diversion of sales caused by misrepresentation. If that were so, passing off would fail in one of its key purposes – protection of the property in the goodwill. The books are full of cases where the action has succeeded where there has not been, and even could not be, direct loss by diversion of sales.
12. A good example is *Ewing v Buttercup Margarine* [1917] 2 Ch 1. The plaintiff had an established retail business in Scotland and Northern England. It traded under the name Buttercup Dairy Company and was known as Buttercup Dairy or simply Buttercup. The Defendant was a new company called the Buttercup Margarine Company, the name having been chosen without knowledge of the plaintiff. Its

directors intended to make and deal in margarine, though its objects were wider. There was no intention to use Buttercup for the margarine. Passing off was established before Astbury J. In the Court of Appeal the respondents were not even called upon, Lord Cozens-Hardy MR saying the case was "well over the line." He went on to say:

"they seek to justify their name on the ground that the arm of the Court is not long enough to reach a defendant who takes a name similar to that of the plaintiff, unless it can be shown that such name is calculated to deceive in the sense that a person desiring to be a customer of the plaintiff is induced thereby to become a customer of the defendant. And they say that there can be no deception here because they are wholesale people while the plaintiff is a retailer, that it is true that they have the fullest possible power under the memorandum and articles of association to carry on a retail business, but that at the present moment they have no such intention. I should be very sorry indeed if the jurisdiction of the Court should be regarded as so limited. No doubt mere confusion due to some acts of the defendants would not be a cause of action - the case of *Day v. Brownrigg* 10 Ch. D 294 is a good illustration of that - but I know of no authority, and I can see no principle, which withholds us from preventing injury to the plaintiff in his business as a trader by a confusion which will lead people to conclude that the defendants are really connected in some way with the plaintiff or are carrying on a branch of the plaintiff's business."

13. Warrington LJ put it this way:

"I am of the same opinion. The plaintiff carries on a large retail general provision business under the title of the Buttercup Dairy Company. The defendants were incorporated in November, 1916, and they have a cash capital of 12l. 10s. - 250 preference shares of 1s. each - and have adopted as their registered name the title of the Buttercup Margarine Company, Limited. Looking at those two names, it seems to me obvious that a trader or a customer who has been in the habit of dealing with the plaintiff might well think that the plaintiff had adopted the name of Buttercup Margarine Company, Limited, as his own name for the purposes of the margarine branch of his business, or for the purposes, if you will, of doing what it is said the defendants are going to do, namely, to make their own margarine instead of buying it in the market. If that be so, it seems to me that the plaintiff has proved enough. He has proved that the defendants have adopted such a name as may lead people who have dealings with the plaintiff to believe that the defendants' business is a branch of or associated with the plaintiff's business. To induce the belief that my business is a branch of another man's business may do that other man damage in various ways. The quality of goods I sell, the kind of business I do, the credit or otherwise which I enjoy are all things which may injure the other man who is assumed wrongly to be associated with me. And it is just that kind of injury that what the defendants have done here is likely to occasion."

14. A more modern statement of the kind of damage which, if caused by misrepresentation, is actionable, was given by Slade LJ in *Chelsea Man v Chelsea Girl* [1987] RPC 189 at p.202:

"(a) by diverting trade from the plaintiffs to the defendants;

(b) by injuring the trade reputation of the plaintiffs whose men's clothing is admittedly superior in quality to that of the defendants; and

(c) by the injury which is inherently likely to be suffered by any business when on frequent occasions it is confused by customers or potential customers with a business owned by another proprietor or is wrongly connected with that business."

15. The next point of passing off law to consider is that of the date by which it is to be judged. As I have said Mr Heykali first registered the domain name phone4u.co.uk on 23rd August 1999. The parties' were in agreement about this being the relevant date. I will adopt that date, though there is an argument to the effect that the relevant date is when the defendant first trades under the name or badge complained of. Before that there is merely a threat to use the mark, actionable on a *quia timet* basis. In *Cadbury Schweppes v Pub Squash* [1981] RPC 429 at 494 Lord Scarman identified the date as being "the date of commencement of the conduct complained of ... i.e. when the respondent began to market 'Pub Squash'". In this case Mr Heykali actually started to trade later than August 1999. His evidence does not disclose when, but, as I have said, his solicitors said in a letter that the first sale via

the web was on 24th March 2000, by which time he admittedly knew about Caudwell and indeed had met their agent. As I have said, I do not think the date matters here. I am content to adopt the earliest possible date, which is that which is most favourable to Mr Heykali's case.

16. The next point of passing off law to consider is misrepresentation. Sometimes a distinction is drawn between "mere confusion" which is not enough, and "deception," which is. I described the difference as "elusive" in *Reed Executive v Reed Business Information* [2004] RPC 767 at 797. I said this, [111]:

"Once the position strays into misleading a substantial number of people (going from "I wonder if there is a connection" to "I assume there is a connection") there will be passing off, whether the use is as a business name or a trade mark on goods."

17. This of course is a question of degree – there will be some mere wonderers and some assumers – there will normally (see below) be passing off if there is a substantial number of the latter even if there is also a substantial number of the former.

18. The current (2005) edition of *Kerly* contains a discussion of the distinction at paragraphs 15-043 – 15-045. It is suggested that:

"The real distinction between mere confusion and deception lies in their causative effects. Mere confusion has no causative effect (other than to confuse lawyers and their clients) whereas, if in answer to the question: "what moves the public to buy?", the insignia complained of is identified, then it is a case of deception."

19. Although correct as far as it goes, I do not endorse that as a complete statement of the position. Clearly if the public are induced to buy by mistaking the insignia of B for that which they know to be that of A, there is deception. But there are other cases too – for instance those in the *Buttercup* case. A more complete test would be whether what is said to be deception rather than mere confusion is really likely to be damaging to the claimant's goodwill or divert trade from him. I emphasise the word "really."

20. *HFC Bank v Midland Bank* [2000] FSR 176, relied upon by Miss Lane, is a case about "mere confusion". The claimant Bank was known, but not very well known, as HFC. It sought to restrain the Midland with its very many branches from changing its name to HSBC. That was said to be passing off. It relied upon some 1,200 instances of alleged deception. Lloyd J analysed the ten best (pp. 189-104). None really amounted to deception. And in any event, given the scale of the parties' respective operations, the totality of what was relied upon was trivial. The case was one on its facts. It decided no question of principle.

21. In this discussion of "deception/confusion" it should be remembered that there are cases where what at first sight may look like deception and indeed will involve deception, is nonetheless justified in law. I have in mind cases of honest concurrent use and very descriptive marks. Sometimes such cases are described as "mere confusion" but they are not really – they are cases of tolerated deception or a tolerated level of deception.

22. An example of the former is the old case of *Dent v Turpin* (1861) 2 J&H 139. Father Dent had two clock shops, one in the City, the other in the West End. He bequeathed one to each son – which resulted in two clock businesses each called Dent. Neither could stop the other; each could stop a third party (a villain rather appropriately named Turpin) from using "Dent" for such a business. A member of the public who only knew of one of the two businesses would assume that the other was part of it – he would be deceived. Yet passing off would not lie for one son against the other because of the positive right of the other business. However it would lie against the third party usurper.

23. An example of the latter is *Office Cleaning Services v Westminster Window and General Cleaners* (1946) 63 RPC 39. The differences between "Office Cleaning Services Ltd" and "Office Cleaning Association," even though the former was well-known, were held to be enough to avoid passing off. Lord Simmonds said:

"Where a trader adopts words in common use for his trade name, some risk of confusion is inevitable. But that risk must be run unless the first user is allowed unfairly to monopolise the words. The Court will accept comparatively small differences as sufficient to avert confusion. A greater degree of discrimination may fairly be expected from the public where a trade name consists wholly or in part of words descriptive of the articles to

be sold or the services to be rendered" (p.43).

In short, therefore, where the "badge" of the plaintiff is descriptive, cases of "mere confusion" caused by the use of a very similar description will not count. A certain amount of deception is to be tolerated for policy reasons – one calls it "mere confusion."

24. That brings me to the next point on passing off law. What counts as a "descriptive" name? One must be a little careful here. In the law of registered trade marks, stated broadly, marks may not be registered unless they are "distinctive". Some marks are by their nature distinctive, the paradigm example being "Kodak". No-one would naturally want to use that for films (or probably anything else). But other marks are not in that class – they are the sort of things that traders might well want to use. In those cases, before registration is granted, the law requires proof that the marks have become trade marks by use and recognition as trade marks by the public. That kind of mark is not confined to "descriptive" marks in the sense of words actually describing goods or services. It covers other things too. Thus laudatory epithets ("good", "perfection"), deliberate misspellings of descriptive words (e.g. Kwik for "quick"), mere pictures of the thing to be sold, may all be regarded as unsuitable for registration as a monopoly without proof of actual distinctiveness.
25. The nature of the inquiry as to whether a mark is suitable for registration without proof of distinctiveness is different from that as to whether a plaintiff in a passing off action has established a goodwill in the name, badge or insignia relied upon. This is hardly surprising – for registration one must be reasonably sure that the mark has really become a trade mark to most relevant people – to grant a monopoly on a lesser test would be contrary to the policy behind the requirement of distinctiveness. So, for example, if it is necessary to prove distinctiveness, proof that a badge was well-known but only in a small area, would not be enough. Yet an action for passing off would lie in respect of the use of a deceptively similar badge in that small area. Cases about quasi-descriptive names of hairdressers, restaurants and so on are not uncommon. An example mentioned in argument was *Stannard v Reay* [1967] RPC 589 ("Mr Chippy" used for a mobile fish and chip van on the Isle of Wight for 3 weeks – held enough use to create a protectable goodwill). Similarly under our old law some marks were regarded as so non-distinctive that they could never be registered. Yet passing off cases on such marks could succeed (e.g. "Perfection" for soap refused, *Crosfield's Appn* (1910) RPC 433, passing off successful, by consent, *Crosfield v Caron* (1912) 29 RPC 433; *W&G* for taxis refused [1913] AC 413, but the subject of a successful passing off action, *W&G Du Cros v Gold* (1913) 30 RPC 117).
26. In the *Treat* case, *British Sugar v James Robertson* [1996] RPC 281, I said:

"Take a very descriptive or laudatory word. Suppose the proprietor can educate 10% of the public into recognising the word as his trade mark. Can that really be enough to say it has a distinctive character and so enough to let the proprietor lay claim to the word as a trade mark altogether? The character at this stage is part distinctive but mainly not. I do not think it would be fair to regard the character of the word as distinctive in that state of affairs. But if the matter were the other way round, so that to 90% of people it was taken as a trade mark, then I think it would be fair so to regard it. This all suggests that the question of factual distinctive character is one of degree. The proviso really means "has the mark acquired a sufficiently distinctive character that the mark has really become a trade mark." In the case of common or apt descriptive or laudatory words compelling evidence is needed to establish this. And in particular mere evidence of extensive use is unlikely to be enough on its own. Of course the power of advertising may be able to turn almost anything (save a pure description) into a trade mark, but it must be shown in a case of this sort that the mark has really become accepted by a substantial majority of persons as a trade mark -- is or is almost a household word" (p.309)

But that was all in the context of proving enough factual distinctiveness of a mark insufficiently inherently distinctive to be registered without proof of distinctiveness in fact. It is not the test for establishing enough goodwill on which to base a claim for passing off.

27. The last point on passing off law concerns domain names. This court in *BT v One in a Million* [1999] FSR 1 held that the registration of a domain name of a well-known company was an actionable passing off. Aldous LJ said (p.23):

"Mr Wilson submitted that mere registration did not amount to passing-off. Further, Marks & Spencer Plc had not established any damage or likelihood of damage. I cannot accept those submissions. The placing on a register of a distinctive name such as

marksandspencer makes a representation to persons who consult the register that the registrant is connected to or associated with the name registered and thus the owner of the goodwill in the name. Such persons would not know of One In A Million Limited and would believe that they were connected or associated with the owner of the goodwill in the domain name they had registered. Further, registration of the domain name including the words Marks & Spencer is an erosion of the exclusive goodwill in the name which damages or is likely to damage Marks & Spencer Plc."

And:

"I also believe that domain names comprising the name Marks & Spencer are instruments of fraud. Any realistic use of them as domain names would result in passing-off and there was ample evidence to justify the injunctive relief granted by the judge to prevent them being used for a fraudulent purpose and to prevent them being transferred to others."

Principles on which the Court of Appeal will act

28. Before I turn to the instant case, I remind myself of the position of the Court of Appeal concerning both questions of fact and value judgments. It will not interfere with findings of primary fact unless they are shown to be wrong (CPR 52.11(3)(a)). Nor will it interfere with a value judgment based on "the application of a not altogether precise legal standard to a combination of features of varying importance" unless there has been an error of principle *per* Lord Hoffmann in *Designers Guild v Russell Williams* [2000] 1 WLR 2416 at p.2423.

Alleged Errors in Judgment

29. With that I turn to the Judgment below. Mr Miller attacks it on four grounds:

i) First he says the Judge applied the wrong test in deciding whether or not at the operative date Caudwell had a goodwill protectable by passing off.

ii) Next he says at the date of first registration of "phone4u.co.uk" an instrument of fraud within the meaning of *BT* was created. He adds that Mr Heykali's attempt to sell it some 6 months later when he had learned of Caudwell and had not or hardly traded is confirmatory evidence of that.

iii) Next he says that the Judge wrongly characterised a large number of instances of deception as "mere confusion."

iv) Finally he erred in placing significance in co-existence for 5 years without "deception" without first considering the extent of Mr Heykali's use during that time.

(i) Goodwill in August 1999

30. I have concluded that Mr Miller is right on all four points. I start with the first, whether there was a goodwill in Phones 4u in August 1999. The Judge held:

"[129] The onus is on the Claimants to establish the requisite reputation and goodwill as at August 1999. I find that they have not satisfied that onus in the circumstances of this case. In the event that subsequent dates do matter, I should record that I find that the Claimants have not discharged that onus before August 2001, when the first brand awareness survey was undertaken, and by which time significantly greater sums had been spent on advertising, including TV advertising, and the First Claimant's trade presence had significantly increased."

31. This is in effect a finding that the name Phones 4u was unknown, or practically so, until August 2001. Consistent with that Miss Lane was driven to accept, as she had to to support the finding, that it would have been perfectly all right for anyone to open a mobile phone shop under the name Phones 4u anywhere, even next to a Caudwell existing shop called Phones 4u. That conclusion only has to be stated to see that something has gone seriously wrong. By August 1999 there was a Phones 4u shop in most towns and cities. In 1999 185,000 phones were sold (obviously most before August 27th) and the turnover was £43m. There had been the widespread newspaper advertising to which I have

referred. To infer from all that, that hardly anyone knew the name, that the name was not "an attractive force which brings in custom" by August 1999 is simply untenable.

32. The Judge seems to have erred here by seeking to apply the test for distinctiveness required for registration of a trade mark – what I said in *Treat*. But that is a much higher standard. The Judge referred to *Treat* several times and it is clear that it influenced his decision on the existence of goodwill, see [121].
33. The Judge also went into a lot of detail about the evidence of a Mr Samuels concerning "brand awareness" in 1999 and a survey undertaken in 2001. The survey showed significant brand awareness, 3% unprompted, 19% prompted. The details do not matter. Seldom will this sort of evidence really assist in a passing off case – showing the court what was actually done to publicise the name or badge relied upon is the key evidence. Here it is enough that in 2001 very large numbers of people knew the name. Far more than that needed to establish a goodwill. As for the position in 1999, you simply do not need an expert to infer from all the proved use that "Phones 4u" must have been known to a substantial section of the public, particularly that portion of the public interested in mobile phones.
34. The Judge also thought the "descriptiveness" of the name affected the question of whether it had a goodwill. But the name is not descriptive in the sense that anyone would describe a business or shop selling mobile phones as a "Phones 4u" business or shop. It is that sort of name which tells you what the business is, but is also obviously intended to be an invented name to denote a particular business. True it is that it is not particularly inventive – "4u" was a bit in vogue – the sort of thing others might well want to use. For that reason it would be unlikely to be accepted for registration as a trade mark without some proof of acquired distinctiveness. But distinctiveness for trade mark registration purposes is not the same concept as descriptiveness – it requires more. I think the Judge was wrong to say, as he did:

"[127] The phrase "Phones 4u" is not inherently distinctive. It is a descriptive phrase, although not wholly descriptive in that I accept that it is more likely to acquire distinctiveness through use than a wholly descriptive expression. Nevertheless, there is an onus on the Claimants to satisfy me that it had become distinctive through use."

This is the language of distinctiveness for trade mark registration, not that for testing whether a goodwill has been established.

(ii) Instrument of fraud?

35. As to the next error, I think it automatically follows from the first. Since the inevitable inference is that "Phones 4u" had an established goodwill in August 1999, I do not see how there could be "any realistic" (to borrow from Aldous LJ) use of "Phone4u.co.uk." albeit created innocently, without causing deception. Moreover, since it appears not to have been actually used for trade until about the same time or more probably after Mr Heykali knew of the shops, his conduct in trying to sell the domain is not materially different from that of the defendants in the *BT* case.

(iii) Mere confusion or deception?

36. I turn to the third error – deception not mere confusion? Full disclosure was not given by the defendants. Shortly before trial a mass of emails from members of the public were disclosed. They covered the last year or so before trial. We were taken through a number of them. They show members of the public who knew of "Phones 4u," (for instance by having bought from one of the shops, or seen an advertisement) trying to contact them. Nearly every one of these emails is intended for Caudwell – which is hardly surprising since the defendants have never themselves advertised under the name phone4u.co.uk or any variant of it. The emails must have been sent to the defendants as a result of a mistyping or imperfect recollection or the consumer getting the address via the result of a search engine. The Judge found that:

"[147] contact details had been mistakenly obtained from Mr Heykali's website showed that customers or potential customers of the First Claimant were entering the website by mistake, believing it to be associated with the First Claimant."

And:

"[148] It does seem to me that the Hitwise data does suggest that people were visiting Mr Heykali's website believing it to be the First Claimant's website."

I would go further: the emails show that customers of Caudwell thought they were communicating with those who own and run the Phones 4u shops. They thought they were sending messages to Caudwell, nor merely to an entity they believed to be associated with it. Moreover it is clear that a significant number did so *after* visiting (or arriving at) Mr Heykali's site. This is because they used addresses which could only be picked up from the site. So the site itself was not enough to "undeceive" those persons.

37. If one examines the emails and the defendant's replies, one can see clear and convincing evidence of damage to goodwill. People wrote in to complain about phones they had bought or that they had no network coverage and wanted their money back, or whether an advertised (by Phones 4u) offer was available. To these there was a standard answer given only where it was clear that the writer actually intended to communicate with Caudwell:

"Phone4U.co.uk are solely an Internet based company and do not have the costs associated with running high street shops. Hence we can save you ££££ on your mobile communications needs, bringing cheaper mobile phones direct to you. We have no connection with the high street retailer **Phones 4 U** (www.phones4u.co.uk)"

If it was not clear, then Mr Heykali was willing to deal or try to deal with consumer himself – with what success is unknown.

38. Miss Lane makes the point that the authors of these emails were not called – if they had been they might have readily agreed they made a careless blunder and were not really confused – as indeed one witness who was called, accepted. I am not impressed by this – there was hardly time to locate a mass of witnesses given that the disclosure was so close to trial. Moreover the emails collectively tell a clear story of people trying to contact and deal with or complain to or make inquiries of, Phones 4u – the chain of shops they already knew.
39. Mr Miller says that what is happening here is that the customers or potential customers are being lured to the Defendants' website by deception. Once there the Defendants seek to take advantage of the deception by dealing with them. And even in the cases where the standard answer was given because it was clear who the customer wanted to deal with, the defendants sought to take advantage of the initial deception. All that, they submit, is damaging not only to trade but to Caudwell's goodwill. I agree. The authorities cited above make this plain.
40. The Judge said:

"[147] But what is striking about these emails is that the Claimants were unable to point to the contents of any of them which indicated that a customer or potential customer had purchased a mobile phone from Mr Heykali mistakenly thinking that they were dealing with the First Claimant. Most of the misdirected emails (leaving to one side those apparently sent by typographical error) are from customers of the First Claimant making a complaint or raising a query about phones already acquired from the First Claimant."

Here the Judge limits himself to damage by trade diversion. He fell into error by not considering the other kinds of damage to goodwill protected by the law of passing off.

(iv) Inference of no deception from co-existence without instances?

41. Finally there is the co-existence point. The Judge was impressed with it. He said:

"[137] this case is unusual in that it only came to trial some five and a half years after the first alleged passing off. The Claimants have thus had the opportunity through the usual trial processes (including disclosure, the calling of witnesses and cross examination of Mr Heykali) to adduce evidence of actual or likely deception."

And:

"[157] It is striking that no such evidence has been adduced in view of the facts that (1) The Claimants have had the opportunity of adducing such evidence in the period of some 5 and a half years before the matter has come on for trial."

42. I quite agree that evidence of substantial side-by-side trade without significant confusion or deception gives rise to a powerful inference that there is no such confusion or deception. It was the determining matter for the Judge, see [157]-[158]. And it was the primary point in Miss Lane's skeleton argument which began:

"This was an unusual case and, on superficial analysis, a surprising result. However, the explanation is simple: it turned on the evidence. More particularly, the Claimants' lack thereof."

She developed the point further, saying later: "this then, was the case of the dog which did not bark."

43. But if one has no idea of the extent of side by side user, then the inference of no deception cannot be drawn. You have to show there is a dog who could have barked.
44. Here Mr Heykali's evidence simply does not establish enough material to draw the inference of no deception. Mr Heykali's evidence in chief gave no details of the extent of his trade. Nor was there disclosure of accounts, VAT returns, or amounts of sales. Mr Hicks, for Caudwell, sensibly asked no questions about extent of trade. During the course of argument we asked about this. In response, to show sales, Miss Lane produced a bundle of documents which had been disclosed prior to trial. Mr Miller analysed these: they amounted to only 28 mobile phones over a period of about 8 months – and one of these was to Mr Heykali himself. This was all during the period of about a year when he had a shop called Mobile Communication Centre in Balham – a shop which failed.
45. Once the shop failed, there is simply no real evidence at all as to the nature and extent of Mr Heykali's business. There were no retail premises. He did not advertise. What happened is simply unknown. I see no justification for the inference of non-deception drawn by the Judge. He said:

"[137] My own "common sense" reaction to the issue was initially, and before I heard the evidence, that Mr Heykali's domain name and trading style which adopted that domain name was so similar to Phones 4u that it was likely to cause deception."

He only displaced his "common sense" view by reason of the absence of instances of deception in the 5½ year period of "side-by-side" user. But if Mr Heykali's trade was exiguous – and such evidence as there was suggested it was - there was but limited opportunity for instances where someone actually bought from Mr Heykali thinking he or she was dealing with Caudwell. It should also be remembered here that it is seldom the case that all instances of deception come to light - the more perfect the deception the less likely that will be so.

46. Quite apart from that, however, the mass of e-mails to which I have referred do show instances of damaging misrepresentation - albeit not showing cases of actual direct diversion of trade. The Judge was wrong on the co-existence point.
47. I conclude that passing off was established.

Infringement of Registered Trade Mark

48. Two issues arise, first is there a limitation on the rights conferred by registration such that there can only be infringement if the mark is used in colour and second, even if there is no such limitation, does Mr Heykali infringe?

What actually is the registered mark?

49. The registration certificate of the mark sued upon says:

"The mark shown below has been registered under No.2185824 as of the date 08 January 1999"

What is "shown below" is the logo I have reproduced above at [4]. Whether that should be regarded as in colour or monochrome is in dispute. The next line says:

"The mark is limited to the colours red, white and blue."

I call this the "limitation". There then follows a list of the classes and goods and services covered by the registration. It is not disputed that these include mobile phones and related services: there is identity of goods and services between the registration and the use complained of.

50. Prior to the formal handing down of judgment, in accordance with current practice, a draft of it was sent to the lawyers for each side. Part of the reasoning was based on what I thought we had been told, namely that the mark, as registered, was in colour. Mr Miller wrote observations challenging that. The point he raised was of some general importance. So it made sense to seek the view of the Registry before formally delivering judgment. I wrote a letter in the following terms:

"The Court of Appeal has recently heard an appeal in this case. Following argument, a judgment was handed down in draft form to the parties. The appellants and respondents made observations on the draft. The particular point at issue was the effect of a limitation as to colour. Did that, or did that not, limit the registered proprietor's rights?"

At the time the Court was under the impression that the original certificate of registration was itself in colour. That seems not to be the case. The Registrar's practice also seems to have varied over the years. This point is one not without significance. In view of the difficulty of the problem, and the question of what the Registrar's practice actually is and has been at various times, the Court would like the observations of the Registrar. It would be helpful to have a detailed description of the practice, coupled with the Registrar's views as to whether words of the kind used in the present case are words which limit the proprietor's rights or not. Also it would help to have the Registrar's views on how the details of a registration should formally be proved. Section 57 of the 1938 Act used to provide for this but was repealed in 1986. Did anything replace it?"

51. We received a speedy and helpful response from Mr James, the Head of Trade Marks Registry Practice, and invited the parties for their consequential submissions. The material parts of his reply read:

"2. Trade mark registration No 2185824 consists of the word 'phones' and the numeral and letter combination '4u' in white on a red and blue background.

3. I attach a certified copy of the entry in the register.

4. The mark is shown in the trade mark register (which as you know is held as a computer record) in the colours in which it was applied for.

5. The trade mark was published in the Trade Mark Journal on 1 December 1999. At that time the Journal was published only in monochrome. Registration certificates issued at that time were also issued in monochrome, as was the trade mark Register itself. However, the entry in the Journal, on the registration certificate, and in the register included the words "The mark is limited to the colours red, white and blue".

6. The wording "The mark is limited to the colours" has been used for many years. As you observe in your draft judgment, the wording stems from s.16 of the 1938 Act. It has continued to be used to describe limitations entered under s.13 of the 1994 Act. In this connection, I note that paragraph 3(2) of the transitional provisions set out in schedule 3 to the 1994 Act, required limitations entered under s.16 of the old law to be transferred to the register established by the 1994 Act and to have effect as if entered under s.13 of that Act. All of those limitations would have used the same wording as the limitation at issue in this case.

7. Following the Nestle case in the Court of Appeal, the registrar is just about to publish revised guidance on the wording of disclaimers and limitations. This is reproduced at annex A below. I believe that the new wording more clearly identifies a colour limit as a limitation of rights under s.13 of the Act.

8. ... the registrar has always regarded the sort of colour limitation used in this case to be a limitation of rights. In consequence, if the proprietor of the mark had sought to oppose a later third party application to register the mark 'Phones 4u' without the colours to which the earlier mark is limited, it would have been rejected for the reasons set out in the Nestle case, and again in relation to disclaimers, in *General Cigar Co Inc v Partagas Y Cia SA* [2005] FSR 960.

9. Recognising the greater effect that limitations of rights had under s.13 of the 1994 Act, the Trade Mark Rules were amended in 1998 so as to provide applicants with an alternative means of drawing attention to the fact that their mark was being registered in colour, without having to submit to a colour limitation. Rule 5(3) of the amended 1994 Rules introduced a filing requirement so that, where colour was to be regarded as a feature of the mark, the colours were to be stated. This is what Caudwell Holdings Ltd did when making application 2185824. The application was filed with the statement:

"The colours red, white and blue are claimed in respect of the first mark in the series"

10. This meant no more than that "The mark is in the colours red, white and blue". Following an objection from the examiner that the 'Phones 4u' element was non-distinctive, the applicant agreed to enter the colour limitation, which has at all relevant times appeared in the register.

11. From January 2001, new colour trade marks were recorded in the electronic register in the appropriate colours. By March 2003, all pre-existing colour marks had also been recorded in the register in colour and we were ready to publish the Journal in colour. This meant that one of the two purposes of colour claims – to identify those marks which were registered in colour – was satisfied without the need for a written claim (although where a mere claim had been entered in the register, it was not removed).

12. It was decided that the other purpose of requiring such a claim – to avoid unintentional registrations of marks in colour as a result [of] applicants attaching to the application form samples of the mark in use - could be met by re-designing the application form so as to make it clear that marks filed in colour would be registered as such. Accordingly, Rule 5(3) was deleted by the Trade Marks (Amendment) Rules 2004. As it was merely a filing requirement, there was no need for a transitional provision.

13. I hope that this explanation clarifies matters. You also asked about proof of registration. As you note, the 1994 Act contains no equivalent to s.57 of the 1938 Act. However, s.63(3) of the Act and Rule 43 of the Trade Mark Rules 2000 provide for certified copies of entries in the register. My understanding is that this was felt to be sufficient to enable a party to prove what appears on the trade marks register."

52. So, is the mark as registered in colour or not? The Registrar says it is, and the Register is, by s.63 (1), maintained by him. One might say he should know. Moreover a certified copy of the register supplied by the registrar pursuant to rule 43 of the Trade Marks Rules 2000 (which is the same as the rule it replaced, rule 37 of the 1994 Rules) will now show the mark in colour.
53. Notwithstanding that, Mr Miller contends that is not so. He says that the original certificate of registration and the original entry in the Register were in monochrome. Nothing can alter that. Just because a certified copy now would show the mark in colour is beside the point. Implicit in his submission is that the Registrar is wrong to show the mark in colour and continue to use the words because that would be misleading. The true position is that the mark as put on the Register is in monochrome. The only thing which tells you that it is in colour is the sentence "*The mark is limited to the colours red, white and blue.*" So those words simply have that function and cannot be a limitation.
54. Mr Miller traces the origin of such words back, via s.16 of the 1938 Act to s.10 of the 1905 Act. He took us to what that great intellectual property lawyer Mr Fletcher Moulton QC MP (as he then was) said to the Select Committee when describing the point of what became s.10:

"Nothing has done so much harm in the past legislation as the provision that a Trade Mark must be taken to be registered in all colours. The consequence is that form was practically the only thing to which you could trust in a Trade Mark. Take for instance the

very well known mark of Hanson's the great wholesale grocers. That was judged of as if had been three parallelograms side by side quite blank. The tribunal was obliged to disregard the colours, and the consequence was that they said, 'You cannot defend three parallelograms placed side by side as a distinctive mark.' When he was told 'you cannot defend that,' the proprietor must have said, 'No, but that is not my Trade Mark; red, white and blue is mine.' So that you can if you like under this Act put forward a trade mark as distinctive which depends not only upon form but also upon colour for its distinctiveness, and in that case in deciding whether it is distinctive its limitation should be taken into consideration. I think that this is an extremely important point, and that a large number of excellent trade marks will receive recognition by reason of the change."

Mr Fletcher Moulton was in fact referring to *Hanson's TM* (1887) 5 RPC 130.

55. I do not accept Mr Miller's submissions. Firstly the very words of the sentence relied upon are hardly words of description. You do not normally try to tell someone a thing is coloured red, blue and white by saying "it is limited to red blue and white." Second the word "limited" or its corresponding noun, "limitation" in the context of Trade Mark law is likely to have the meaning that word has in the Act. S.13 of the current Act says:

"13 (1) An applicant for registration of a trade mark, or the proprietor of a registered trade mark, may -

(a) disclaim any right to the exclusive use of any specified element of the trade mark, or

(b) agree that the rights conferred by the registration shall be subject to a specified territorial or other limitation; and where the registration of a trade mark is subject to a disclaimer or limitation, the rights conferred by section 9 (rights conferred by registered trade mark) are restricted accordingly.

(2) Provision shall be made by rules as to the publication and entry in the register of a disclaimer or limitation."

Plainly there the meaning is one of limitation of rights.

56. Thirdly I think history is, if anything, against Mr Miller. For I cannot think that Mr Fletcher Moulton would have been happy if the only thing which made the mark distinctive so that it could be registered, namely the particular colours, once the mark was registered, had no or virtually no significance. He would have been horrified to think that his proposal would enable people to get trade mark rights over that which was inherently non-distinctive, see his judgment in *Joseph Crosfield and others applications* (1909) 26 RPC 837 at p.856 *et seq.* He there drew a clear distinction between marks proved to be distinctive in fact and those where all one had to go on was the mark itself. His reference to the *Hanson* case shows indeed that he did not regard the mark without the colours as distinctive or indeed as registrable. The introduction of limitations as to colour was not to enable that which is inherently not registrable (as the mere words, without proof of factual distinctiveness, were in this case) to be registered.
57. Mr Miller submits that if we were to hold that this form of words did amount to a limitation of rights (as the Registrar thinks they do) then that would not "retain the confidence of industry. It would be a pirate's charter." Strong stuff with which I do not agree. If a man choses to apply for his mark in colour to overcome an objection of non-distinctiveness, I do not see why he should not be stuck with a corresponding limitation of rights. It is true that he will have more limited rights than if there had been no limitation – but that is because he was not entitled to more at the time of his application. If, after use and proof that the non-distinctive part of his mark has become distinctive he can register a mark with wider rights, well and good. That is what a prudent trade mark owner would do.
58. Finally there is this point. If one goes by the monochrome registration and the words, one cannot actually tell what the colours are. This is because the Registrar's past useful practice of using the Heraldic convention (printed in the 12th, 1986, edition of *Kerly*) was not followed. What is red and what is blue cannot be worked out from the monochrome picture. So if you wanted to know exactly what was registered you would have to inspect the file. The application form alone would show you the colours. So even in the case of the monochrome version a proper investigation of what was registered would

show you that the mark was registered in colour.

59. I would add that the application form, in accordance with Rule 5(3) as then stood asked: "If colour is claimed indicate here and state the colours." The response was "The colours red, white and blue are claimed in respect of the first mark of the series" – which in the event was the only one that was allowed. So there is no doubt that what was sought and granted was a mark only in colour.

The effect of the limitation

60. I have already set out s.13 which clearly provides for limitations which actually limit the scope of rights. At the time of registration the Trade Marks Rules 1994 (SI 1994 No. 2583 as amended by SI 1998 No. 925) were in force. They provided:

"33 In addition there shall be entered in the register in respect of each trade mark registered therein the following particulars –

.....

(f) any disclaimer or limitation of rights under s. 13(1)(a) or (b)."

61. That rule is repeated as current not rule 39. Rule 24 of the Trade Mark Rules 2000, the same as Rule 24 of the 1994 rules, says that the Registrar "shall make an appropriate entry in the register" and also that he/she shall "publish such disclaimer or limitation". Clearly in the light of paragraph 7 of Mr James' letter the practice will be clarified and I need say no more about it.
62. So what does the language of the limitation mean? As I have said Mr Miller contends it is part of the description of the mark, that what it means is merely that the mark is registered in the colours shown. Miss Lane submits that the language positively restricts the rights given by registration.
63. Mr Miller submitted that the Directive defines the rights which national legislation must give to a registered mark. It does not make any provision for registration subject to disclaimers or limitations. So it is questionable whether s.13 is a permissible derogation from the Directive at all. And at the very least one should try to give the registered proprietor the rights he is supposed to have.
64. Mr Miller further submitted the Judge was wrong to have regard to the pre-registration correspondence between Caudwell's agents and the Trade Marks Registry.
65. Mr Miller also showed us a collection of details of marks registered under the old, 1938 Act. He submitted, as I have said, that there would be significant implications for other proprietors if we decided that the owner's rights here were limited.
66. Miss Lane submitted that the words "the mark is limited" are hardly those of description. More apt would be "the mark is red white and blue." But one does not need to say that: it is self-evident. So the language on Mr Miller's construction is completely redundant, save to the colour blind. She submits that one should, in case of doubt, read the language restrictively – that it would be unfair to the public for a trade mark applicant to get an advantage from failing to describe his mark clearly.
67. Finally Miss Lane submits that it is permissible to have regard to the pre-registration correspondence, not to raise an estoppel but merely to confirm that there was an agreement within the meaning of s.13 (1) with the result that the proprietor's rights "are restricted accordingly."
68. I have concluded that Miss Lane is right. My first reason is simply conventional – one does not normally hold that language (here the whole sentence) is redundant if there is a permissible alternative meaning. And there is another, Miss Lane's.
69. Second the word "limitation" or its verb "limit" is found in the Act in the context of s.13. It is also in Art.6 of the Directive and s.11. In these contexts it means a restriction on rights or effects. There is no statutory context of use of "limit" or "limitation" as defining a mark. So it is likely that in a post-1994 registration the words have the same meaning in an actual registration as they do in the governing legislation.

70. Third, the informed reader would know the context provided by the Act and Rules. So he would know that the register is to contain any particulars of a limitation of rights. On seeing the word "limited" he would be alert for a limitation of rights. If he had any doubt as to whether there was one he would have cause to go to the pre-registration correspondence – was there, he would ask, a s.13(1) agreement? If he went, he would find that the mark was applied for (without evidence of distinctiveness through use) as a series of two marks, the logo in colour, and in black and white (meaning all colours). The Office objected to the black and white version saying it was "insufficiently distinctive" but in a telephone conversation confirmed by letter (15th April 1999) offered acceptance on the basis of a colour limitation. In a letter of confirmation agents said the decision was accepted with reluctance and asked for the colour version to proceed. In the circumstances it is clear that Caudwell were accepting a limitation within the meaning of s.13. This is perhaps emphasised by the fact that in relation to another mark referred to in the same Office letter, the Office clearly drew a contrast between "a colour claim (as opposed to a colour limitation)."

71. As to the permissibility of using the correspondence with the Office, it is the general rule that one does not go to the prosecution history of a monopoly to determine its extent. Thus in the context of patents Lord Hoffmann in *Kirin-Amgen v Hoechst Marion Roussel* [2005] RPC 169 at [35] said:

"The courts of the UK, the Netherlands and Germany certainly discourage, if they do not actually prohibit, use of the patent office file in aid of construction. There are good reasons: the meaning of the patent should not change according to whether or not the person skilled in the art has access to the file and in any case life is too short for the limited assistance which it can provide."

72. But the position is different in the case of a limitation under s.13. For there one asks whether the trade mark owner has agreed to a limitation. Clearly what is contemplated is some sort of agreement with the Office – which I think could result either from an original agreement in the application at the outset or as the result of a limitation proposed during prosecution. So in that narrow context one can reasonably expect to look at the prosecution history to see whether there was an agreement.

73. Next the point on the Directive. Mr Miller may be right that s.13 is a non-permissible derogation. It may be the position that disclaimers or limitations (in the sense of actually affecting scope) are not permissible in national laws. This would be odd, given that Community Trade Marks (which provide EU registrations giving EU-wide rights of the same extent as parallel national registrations) can have disclaimers. Art. 38 of Regulation 40/94 makes this clear:

"Where the trade mark contains an element which is not distinctive, and where the inclusion of said element in the trade mark could give rise to doubts as to the scope of protection of the trade mark the Office may request, as a condition for registration of the said trade mark, that the applicant state he disclaims any exclusive right to such element. Any disclaimer shall be published together with the application or the registration of the Community trade mark, as the case may be"

The Regulation definitions of infringement and limitation of rights (Arts. 9 and 12) exactly correspond with Arts 5 and 6 of the Directive and ss. 10 and 11 of the UK Act. None of them make any reference to disclaimers or limitations. Yet clearly a disclaimer of the kind envisaged by Art. 38 will serve to limit the exclusive right granted by a Community mark. Do the infringement provisions have different meanings in the Directive and the Regulation, the former not permitting disclaimers, the latter subject to them? That is unlikely. One way this can all be reconciled is to hold that a disclaimer or limitation amounts to an unconditional binding acceptance by the proprietor that, notwithstanding the rights conferred by the infringement provisions, he cannot assert rights in breach of the condition or outside the limitation. Mummery LJ (giving the judgment of the court) said as much in *Nestlé's Appn.* [2005] RPC 77 at [33]:

"An applicant who agrees that the rights conferred by registration shall be subject to a limitation is agreeing, in effect, that the use of the mark outside the limitation is not to be treated as an infringement of the mark notwithstanding that such use would, otherwise, fall within s.10 of the Act"

74. All that is for another day. For now I will assume Mr Miller is right, that s.13 is a non-permissible derogation from the Directive. Where does that take him? It is part of UK law nonetheless. The furthest his approach can go is to say: construe conditions and limitations narrowly or as non-existent because they are not really allowed at all. That is not a rational way to construe a particular trade mark registration given that s.13 is indeed there and does provide for conditions and limitations.

75. Finally there is Mr Miller's point about the practice of the Registry. His collection of trade mark registrations are all of marks registered under the old regime. The statutory background was different (s.4(2) and s.16 of the 1938 Act about the effect of a limitation as to colour) and it is not strictly necessary to consider whether the same wording as we have here— *"The mark is limited to the colours .."* - amounts to a limitation of rights. If they did then as Mr James has pointed out para 3(2) of the transitional provisions will have the effect that they are treated as limitations under the provisions of s.13 of the current Act.
76. For the present, therefore, I not only need not but cannot decide the position as regards old Act registrations. Mr James' view is that such wording did indeed create a limitation. Certainly the logic I have applied here – that if one knows the mark was registered in colour then the words must add something and that something can only be a limitation - would apply. As I have said I do not shrink from that conclusion. People who relied on colour to get their registration are apt to find that their rights are limited accordingly.
77. Accordingly I do not find Mr Miller's pre-Act examples of assistance. My views are confined to the mark in issue, registered under the different, 1994 Act, an Act "to make new provision for registered trade marks".

Infringement ignoring the "limitation"

78. Finally, suppose the "limitation" is merely a superfluous additional description of the mark; that the registered mark is the logo registered in the colours shown without any limitation of rights. Can one say, because the mark is a logo, moreover, in colour, that the mere words "phone4u.co.uk" cannot infringe? One can heighten the point by asking whether the words "Phones 4u" simpliciter would infringe?
79. If one were starting trade mark law all over again there would be something to be said for this. If you need to put words in a device to get them registered you ought not to be allowed later (unless there is later acquired distinctiveness) to say the words alone infringe. Putting it another way if you needed a device to get registered only the same or a confusingly similar device should infringe. Here, for instance, when the device was registered the Office clearly regarded the mere words as insufficiently distinctive – even the words in the black and white logo were so regarded. Yet now the mark is registered it is said it covers just that which the Office would not register.
80. But one is not starting trade mark law now. One has to go by the existing legislation. Once a mark has got on the register, the rights given are those conferred by Art.5 as enacted in s.10 of the UK Act. The only question here is that posed by Art.5(1)(b) – confusing similarity. That involves an overall ("global") comparison of the registered mark with the alleged infringement. If one undertakes that here, a clear, prominent and memorable part of the registered mark is the words as such. It seems inevitable that taking those words as such (or a trivial variant such as phone4u) will cause confusion. So those words would have infringed but for the limitation.
81. In the result I would allow the appeal on passing off but dismiss it on trade mark infringement.

Lord Justice Carnwath:

82. I agree.

Lord Justice Tuckey:

83. I also agree.