

World Trademark Review Daily

Small localised business succeeds in passing-off action
United Kingdom - McDermott Will & Emery UK LLP

Passing off

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In *Redwood Tree Services Ltd v Apsey t/a Redwood Tree Surgeons* ([2011] EWPC 14, May 13 2011), it was found that a small business with highly localised goodwill could succeed in a claim for passing off against a business with a similar name located 10 miles away that traded in part in the same catchment area if there was the requisite misrepresentation. Unlike the national protection offered by a registered trademark, the protection of goodwill by passing off is limited in scope to the geographical area common to both businesses.

The claimant, *Redwood Tree Services Ltd*, was a tree surgery and forestry business based in Bisley, Surrey since 1986. In 2003 it registered the domain name 'redwoodtreeservices.co.uk' and the name went live sometime in January 2004. Around this period, the company was experiencing fluctuations in turnover following the sale of the business to new owners, but profits later picked up again. It was during this fluctuation period in 2004 that the defendant, Warren Apsey, started running a tree surgery business trading as Redwood Tree Surgeons in Hampshire, 10 miles from Bisley. Apsey later registered the domain name 'redwoodtrees.co.uk'. Based on turnover, the businesses were roughly of comparable size.

The claimant complained in 2005 and the first action started in 2007. However, due to funding difficulties, the proceedings did not take off until April 2010. The defendant argued that, when he started his business, nothing was happening with the claimant's business and that, in any event, the two businesses had been trading side by side for six and a half years without any confusion.

HHJ Birss QC, sitting in the Patents County Court, stated the classic trinity of passing off:

- the existence of goodwill or reputation in relevant goods and services;
- a misrepresentation by a trader in the course of trade; and
- the likelihood of damage or loss as resulting from this misrepresentation.

The judge noted that there were several other businesses using the name Redwood. However, based on the evidence, he found that, despite the businesses in question being highly localised, there was enough goodwill for a passing-off action.

On misrepresentation, it was acknowledged that the businesses had been trading in parallel in the same area for over six years with essentially identical names, but the critical date was the date the defendant started the behaviour complained of, in this case 2004. It was noted that, although there was a strong inference that there was no deception where the parties co-existed without instances of deception coming to light, non-deception could not necessarily be inferred from this. The judge stressed that actual deception was not required, but rather the likelihood of it, even where there was no actual diversion of trade. From the evidence presented, the judge held that, if the defendant traded in the same area as the claimant using the name Redwood Tree Surgeons, the public was likely to think that the two businesses were connected, although using that same name away from the claimant's catchment area would not amount to a misrepresentation.

There was some overlap in the areas in which the parties traded and, given the size of the businesses and the subsequent customer base, it was held that, because the claimant had goodwill in the goods and services in question, there was a misrepresentation by the defendant. Moreover, placing an advert in the same directory as the claimant was an act of passing off. The judge concluded that the likelihood of damage was thus automatic and that it was immaterial whether there had been any actual loss to the claimant's business.

The judge granted an injunction limiting the defendant to trading with the name within specified post code areas that the claimant did not cover. The judge did not go so far as to require the defendant to take down his website, but stated that certain measures had to be put in place to ensure that the defendant did not trade in or advertise to trade in the claimant's area. No damages were awarded as there was no evidence of actual loss to the claimant.

This case shows that small localised businesses may not be able to stop competitors completely from using virtually identical names; however, they may be able to get the court to delimit trading areas by way of an injunction to deal with the passing off. It also highlights the benefits of registered trademarks that grant UK-wide protection over a reliance on the law of passing off that requires an establishment of goodwill which,

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for a small business, may be limited to a small area.

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