

Court of Appeal dismisses London taxi trade mark appeal



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The Court of Appeal has held that the shape of a London taxi is not a valid registered trade mark. In *London Taxi Corporation Limited v Frazer-Nash Research Limited and Ecotive Limited* [2017] EWCA Civ 1729 the court considered that the trademarks which the London Taxi Corporation (LTC) had registered were invalid and dismissed their appeal.

Background

This case was previously heard by the High Court of England and Wales in 2016. The LTC raised a claim against Frazer-Nash on the basis that they were manufacturing cars, a new Metrocab, to be used as taxis and had a similar appearance to those used by LTC. LTC contended that Frazer-Nash, 'deliberately set out to deceive the public with their design of taxi' into thinking that they were using an LTC taxi. The High Court judge held that both of LTC's trademarks were invalid on various grounds and that one mark should be revoked for non-use. He also dismissed a claim for passing off. LTC appealed this decision.

Decision of the Court of Appeal

The Court of Appeal had to consider six issues:

1. Were the TMs invalid because they lacked distinctive character?
2. Were the TMs invalid because they consisted of a shape which gave 'substantial value' to the goods?
3. Should the Community TM be revoked as a result of non-use over a 5 year period?
4. Were the trademarks infringed by the new Metrocab?

5. Did the respondents have a defence of 'use in accordance with honest practice'?
6. Was the judge correct in his decision to dismiss the claim in passing off?

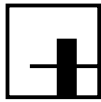
Invalidity

The Court of Appeal decided that the trademarks did not have 'any inherent distinctive character' and that they had not acquired distinctive character by reason of their use. The judge stated that it was 'not established that such drivers would perceive the shape [...] as an indication that the taxis are those of one manufacturer only'. On this basis, the Court of Appeal upheld the High Court's decision that the marks relied on were invalid.

Even though the Court of Appeal had already determined the validity question, it went on to address the other grounds of appeal in the event the case is pursued further. In doing so, the court was required to make a number of assumptions to reach a conclusion on each point.

Substantial value

On the question of 'substantial value', the court recognised that consumers would likely recognise the shape of a Metrocab as that of a London taxi. However it did not



consider that a decision whether to ignore this fact or take it into account would be 'clear cut'. The court noted that if this point was critical to the decision, it would have requested an opinion from the CJEU on a preliminary reference before making a decision.

Non-use of the Community Trade Mark

The LTC held a registered community trade mark (CTM) for its Fairway model taxis. The Court at first instance considered that this CTM should be revoked on the basis that it had not been used over a five year period.

The Court of Appeal had already decided that the CTM lacked the distinctive character required in order to make this a valid mark. However, it determined that had this distinctive character existed it would have been possible to conclude that the CTM had been used in the relevant period. The Court decided that other very similar models to the 'Fairways' had been used and that this use would have been a sufficient defence to the 'non-use' argument.

Infringement

The Court of Appeal held that had distinctive character and reputation been established (and had there been a valid registered trade mark in place) then there would have been infringement under Article 9(1)(c) / Article 5(2) of the European Parliament and Council Directive 2008/95/EC. This was on the basis that 'the new Metrocab was sufficiently similar to each of the trademarks that it would remind the average consumer of each of the trademarks'.

Defence

Answering this question, the court was required to assume that the mark had 1) a distinctive character; 2) a reputation; and 3) that there is a likelihood of confusion and/or detriment to the distinctive character of the trademarks. The High Court judge decided that had these requirements been established, then the respondents would have a defence to any infringement of the trademark. This was on the basis that its use would be

'in accordance with honest practices'. He did not consider that its use amounted to 'unfair competition with LTC'.

The Court of Appeal disagreed. They did not consider that the rights of a registered proprietor 'should be trumped because the marks also convey the message that the vehicle is a licenced London taxi'. The court considered whether there are other ways to communicate the same message which, he said, 'there plainly are'. If so, these should be used 'to avoid confusion and detriment to the distinctive character of the mark'. As a result the court held that the defence failed.

Passing off

The Court of Appeal agreed with the High Court and rejected a claim for passing off. The Court of Appeal noted that the LTC 'face[d] the same difficulties in establishing the necessary goodwill for the purposes of a passing off action' as it would have required to establish any acquired distinctive character. Further, the court held that as the design of the new Metrocab is 'strikingly different' it would not be possible to uphold any claim for passing off.

Future action

This may not be the end of the road for the LTC as they have indicated they may appeal this decision to the Supreme Court.

This case is a useful reminder of the limits of trademark protection. It is obvious when looking at the claimant's designs that they are designs of traditional London taxis. However, consumers do not immediately link the London taxi with one particular manufacturing entity. The Court's decision sticks to the principle that trademarks should serve as a designation of the economic origin of a product.

If you have any queries or comments concerning this article or would like to discuss this in more detail, please contact Matt Phillip, John MacKenzie or Emma Read.

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