



Neutral Citation Number: [2019] EWHC 2925 (Ch)

Case No: IL-2017-000033

**IN THE HIGH COURT OF JUSTICE**  
**BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES**  
**INTELLECTUAL PROPERTY LIST (Ch)**

Royal Courts of Justice, Rolls Building  
Fetter Lane, London, EC4A 1NL

Date: 1/11/2019

**Before :**

**HIS HONOUR JUDGE HACON**  
**(Sitting as a Deputy High Court Judge)**

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**Between :**

(1) BENTLEY 1962 LIMITED  
(2) BRANDLOGIC LIMITED **Claimants**  
- and -  
BENTLEY MOTORS LIMITED **Defendant**

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**Hugo Cuddigan QC and Mitchell Beebe (instructed by Fox Williams LLP) for the Claimants**  
**Amanda Michaels and Charlotte Blythe (instructed by Eversheds Sutherland**  
**(International) LLP) for the Defendant**

Hearing dates: 2-5 July 2019  
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**Approved Judgment**

I direct that pursuant to CPR PD 39A para 6.1 no official shorthand note shall be taken of this Judgment and that copies of this version as handed down may be treated as authentic.

.....  
HIS HONOUR JUDGE HACON


**Judge Hacon :**


**Introduction**

1. The second claimant ('Brandlogic') is a family firm which sells clothing under the brand 'Bentley'. The first claimant ('1962 Ltd') shares the same directors and holds intellectual property rights which it claims to license exclusively to Brandlogic. I will refer to them collectively as 'Bentley Clothing'.
2. Bentley Clothing's business was acquired from a line of predecessors. The business began in 1962 and was at that time run by a company called Roy Bentley Limited, founded by a Gerald Bentley. It passed to R Bentley (Knitwear) Ltd in 1971 and in 1991 to Bentley Knitwear Limited. That company went into receivership in 1998. The business and an associated trade mark were assigned to Bentley Clothing in 1998.
3. The defendant in this action ('Bentley Motors') is the famous manufacturer of luxury cars. Some decades ago Bentley Motors branched out into the marketing of other goods under its name and logos, as is often done by companies who trade under a prestige brand. Since about 1987 this has included the sale of clothing and headgear. Bentley Motors say that they knew nothing about Bentley Clothing when they moved into clothing and headgear, nor for years thereafter.
4. Bentley Clothing made itself known to Bentley Motors in 1998. This may have been the consequence of Bentley Clothing's acquisition of the business and trade mark and it was also shortly after Volkswagen AG had acquired Bentley Motors. Negotiations followed in a leisurely way with little result. However, since 2015 the parties have engaged in litigation over the BENTLEY name in the UK and European Intellectual Property Offices and now in this court.
5. Hugo Cuddigan QC and Mitchell Beebe appeared for Bentley Clothing, Amanda Michaels and Charlotte Blythe for Bentley Motors.

**The trade marks relied on by Bentley clothing**

6. Bentley Clothing relies on three UK registered trademarks, set out in the following table:

<b>Number</b>	<b>Mark</b>	<b>Goods</b>	<b>Filing Date</b>
1180215		Class 25: Articles of knitted clothing; shirts and waistcoats	12 August 1982

2177779A	Series Mark:  <b>BENTLEY</b> 	Class 25: Clothing; headgear; articles of knitted clothing, knitwear, jumpers, pullovers, cardigans, sweaters, shirts, sweatshirts, T-shirts, polo shirts, coats, jackets, top coats, overcoats, raincoats, car coats, waistcoats, blousons, articles of clothing for casual wear, shorts, articles of sports clothing, blouses, hats, caps, scarves, gloves, anoraks	22 September 1998
2505233	<b>BENTLEY</b>	Class 25: Clothing and headgear	22 December 2008

7. I will call trade mark no. 1180215 ‘the Lozenge Mark’, 2177779A ‘the Series Mark’ and 2505233 ‘the Word Mark’.

### **The Combination Sign**

8. This is the sign used by Bentley Motors which was principally in issue:



**BENTLEY**

9. Ms Michaels called this the ‘Combination Mark’, being a combination of a ‘B-in-Wings’ device and the word BENTLEY. A key part of Bentley Clothing’s case was that it is not a single sign, but two distinct signs now used together. With that case always in mind, for convenience I will refer to the sign (or the signs when used together, as the case may be) as ‘the Combination Sign’.
10. Bentley Clothing object to the Combination Sign only when used in relation to clothing and headgear.
11. The B-in-Wings device by itself has been used for many years by Bentley Motors. Bentley Clothing have no objection to its use, including use for clothing and headgear. There was a relatively a minor point about Bentley Motors’ use of the word BENTLEY alone to which I will return.

### **The witnesses**

12. Christopher Lees gave evidence on behalf of Bentley Clothing. He is a director of both claimants. Ms Michaels submitted that he was evasive and unreliable. Mr Lees gave some long answers during which I formed the impression that he sometimes worked to avoid saying anything adverse to Bentley Clothing’s case. His answers

were also occasionally inconsistent with other evidence. However, I think that on the whole Mr Lees was doing his best to explain events as he honestly saw them to be. There was also an unchallenged witness statement served by Bentley Clothing from Simon Bennett who is a solicitor acting for Bentley Clothing.

13. On behalf of Bentley Motors I heard evidence from Michael Foster, Aftersales Business Development Manager, Julia Mitchell, who worked at Bentley Motors from 2004 to 2010 dealing with the development of the company's brand in respect of goods, including clothing, Karin Schilcher, who is the director of licensing and branded goods at Bentley Motors and Kenneth Lea, who is a Deputy Chairman of Bentley Drivers Club Limited which, as its name implies, runs a club to bring together owners and enthusiasts of Bentley cars, founded in 1936. All were excellent witnesses who gave clear answers to the questions put to them. There was a witness statement from Lindsay Weaver, a brand licensing consultant, in respect of which a Civil Evidence Act Notice was served.

### **The issues**

14. The main overall question was whether Bentley Motors has infringed any of Bentley Clothing's marks by using the Combination Sign. The relevant period was between November 2011 and November 2017 when these proceedings were started.
15. As I have indicated, one of the central arguments was whether Bentley Motors' use of the Combination Sign constituted use of BENTLEY alone. Both the Series Mark and the Word Mark had been granted by the start of the relevant period and each consists of, or includes, the word BENTLEY. Consequently no attention was paid to infringement of the Lozenge Mark save in a particular context which I will explain later. For the most part I can leave the Lozenge Mark to one side.
16. These are the more detailed issues as they emerged:

#### *Issue estoppel*

- (1) Bentley Clothing argued that the question whether the Combination Sign was one sign or two has already been decided in proceedings in the UK Intellectual Property Office ('the UKIPO'), creating an issue estoppel in favour of Bentley Clothing on that question.

#### *The Combination Sign – one sign or two?*

- (2) If Bentley Clothing's argument on issue estoppel fails, the question whether the Combination Sign is one sign or two must be resolved in this action. It depends on how the average consumer would have perceived the Combination Sign in the relevant 6 year period. If it was perceived to be two signs, Bentley Motors did not dispute that the Word Mark and the word part of the Series Mark were infringed pursuant to s.10(1) of the Trade Marks Act 1994 ('the 1994 Act'), subject to the two defences referred to below.

#### *Likelihood of confusion*

- (3) It was common ground that if the Combination Sign was perceived to be a single sign there would be no infringement under s.10(1). In that case the next issue arising is whether use of the Combination Sign would lead to a likelihood of confusion with any of Bentley Clothing's marks and infringement pursuant to s.10(2) of the 1994 Act, subject to the two defences.

*Transitional provisions of the 1994 Act*

- (4) Bentley Motors argued that its use of the signs complained of was a continuation of use which did not amount to infringement under the Trade Marks Act 1938 ('the 1938 Act'). The transitional provisions of the 1994 Act therefore provided a defence to infringement.

*Honest concurrent use*

- (5) Bentley Motors also relied on a defence of honest concurrent use.

*Exclusive licence*

- (6) Bentley Motors argued that Brandlogic is not, as it claims to be, the exclusive licensee of 1962 Ltd under the latter's trade marks.

*The scarf and the beanie hat*

- (7) Bentley Motors admitted using the sign BENTLEY alone for clothing and headgear in what it says were isolated and limited instances within the relevant period, which will not be repeated. Bentley Motors accepted that there would have been infringement of Bentley Clothing's trade marks pursuant to s.10(1) of the 1994 Act subject to the two defences. I will discuss those defences in the context of the Combination Sign, so I need say little about this issue.
17. During the trial there was occasional reference to Bentley Motors' use of BENTLEY in association with other words such as BENTLEY MOTORSPORT, BENTLEY BOYS, BENTLEY SELECTION and BENTLEY COLLECTION. Mr Cuddigan disclaimed any suggestion that such uses of BENTLEY formed part of any allegations raised in this action. He said that Bentley Clothing's complaint was limited to Bentley Motors' use of BENTLEY alone, making it clear that this included use of the Combination Sign.
18. Later Mr Cuddigan referred to the use of BENTLEY in association with other trade marks, for instance AQUASCUTUM GOLF FOR BENTLEY. He said that Bentley Clothing did not know about such uses when the Particulars of Claim were pleaded but were complaining about them now.
19. There was a hearing before Chief Master Marsh on 27 July 2018. I have read the transcript. Bentley Motors sought an order under CPR Part 18 requiring Bentley Clothing to clarify how widely they were putting their case on the use of the BENTLEY sign. Leading counsel then appearing for Bentley Clothing stated unambiguously that his clients' complaint was limited to the use of BENTLEY alone (taken to include use of the Combination Sign). That clarification having been given, no Part 18 order was made. Bentley Motors was entitled to rely on this clarification.

There is no need for me to consider any complaint of infringement beyond that asserted before Chief Master Marsh.

### **The average consumer**

20. It was agreed that the average consumer is a member of the public who buys clothing and/or headgear.

### **Issue estoppel**

#### *The law*

21. It was not in dispute that if the usual requirements of issue estoppel were satisfied, a finding by the Hearing Officer in earlier UKIPO proceedings could in law found an issue estoppel in this action.
22. In a well-known passage of Lord Keith's judgment in *Arnold v National Westminster Bank (No. 1)* [1991] 2 AC 93, he said this at p.105-6:

“Issue estoppel may arise where a particular issue forming a necessary ingredient in a cause of action has been litigated and decided and in subsequent proceedings between the same parties involving a different cause of action to which the same issue is relevant one of the parties seeks to re-open that issue. This form of estoppel seems first to have appeared in *Duchess of Kingston's Case* (1776) 20 St.Tr. 355. A later instance is *Reg. v. Inhabitants of the Township of Hartington Middle Quarter* (1855) 4 E. & B. 780. The name ‘issue estoppel’ was first attributed to it by Higgins J. in the High Court of Australia in *Hoysted v. Federal Commissioner of Taxation* (1921) 29 C.L.R. 537, 561. It was adopted by Diplock L.J. in *Thoday v. Thoday* [1964] P. 181. Having described cause of action estoppel as one form of estoppel *per rem judicatum*, he said, at p.198:

‘The second species, which I will call ‘issue estoppel’, is an extension of the same rule of public policy. There are many causes of action which can only be established by proving that two or more different conditions are fulfilled. Such causes of action involve as many separate issues between the parties as there are conditions to be fulfilled by the plaintiff in order to establish his cause of action; and there may be cases where the fulfilment of an identical condition is a requirement common to two or more different causes of action. If in litigation upon one such cause of action any of such separate issues as to whether a particular condition has been fulfilled is determined by a court of competent jurisdiction, either upon evidence or upon admission by a party to the litigation, neither party can, in subsequent litigation between one another upon any cause of action which depends upon the fulfilment of the identical condition, assert that the condition was fulfilled if the court has in the first litigation determined that it was not, or deny that it was fulfilled if the court in the first litigation determined that it was.’”

23. Ms Michaels also drew my attention to these passages in *Spencer Bower & Handley, Res Judicata*, 4<sup>th</sup> ed.:

“8.01 A decision will create an issue estoppel if it determined an issue in a cause of action is an essential step in its reasoning. Issue estoppel applies to fundamental issues determined in an earlier proceeding which formed the basis of the judgment.

...

8.20 Where the issue in the second proceedings is not the same as that decided in, or covered by the first, there is no estoppel.”

*Bentley Clothing’s case*

24. Several proceedings between Bentley Clothing and Bentley Motors predate this action. By the time of the trial, for the purpose of its claim to an estoppel Bentley Clothing relied only on Application 501089 brought by Bentley Motors for a declaration of invalidity of Bentley Clothing’s word mark BENTLEY. This was determined by the decision dated 15 March 2017 of a Hearing Officer of the UKIPO, George Salthouse (Case O-117-17).
25. Before the UKIPO Bentley Motors alleged that the Word Mark was invalid pursuant to s.47(2) of the 1994 Act, relying on earlier registrations owned by Bentley Motors. More relevantly here, Bentley Motors also alleged that the Word Mark was invalid pursuant to ss.47(2)(b) and 5(4)(a) of the Act, i.e. because use of the Word Mark by Bentley Clothing would have amounted to passing off. This was based principally on goodwill acquired by Bentley Motors through use of the Combination Sign for clothing and headgear. The Hearing Officer treated this use as use of the word BENTLEY alone. Mr Cuddigan relied on the Hearing Officer’s finding to support his argument on issue estoppel.
26. Bentley Motors’ application in Case O-117-17 was supported by a witness statement of Justine Pridding, Corporate Counsel at Bentley Motors. She stated that by 1999 Bentley Motors had marketed a wide range of goods including clothing and headgear under the sign BENTLEY. She produced a number of exhibits to make good this assertion. It is clear both from her evidence and Bentley Motors’ written argument filed at the UKIPO that Bentley Motors was advancing the case that wherever Bentley Motors had used BENTLEY together with the B-in-Wings device – either with the words TEAM BENTLEY below the device or just the word BENTLEY below it (i.e. the Combination Sign) – that constituted use of the word BENTLEY alone.
27. The Hearing Officer reviewed the evidence filed by Bentley Motors. Among his observations were these:
- “• JP3: A brochure dated ‘2000’ which shows the company as [Rolls Royce & Bentley]. This has polo and t-shirts, hats, jackets, chairs, sports bags, umbrellas, watches, mugs, coasters, key rings and jumpers. All the above have a winged letter ‘B’ with on occasions the words ‘TEAM BENTLEY’ written underneath. It is labelled ‘The Bentley Collection’ and refers to the return to Le Mans. The items are typical

of the kind of clothing where the item is intended to indicate support for a particular team, in this instance a racing team, in that they liberally emblazoned with the name of the team or its emblem.

...

- JP6: Copies of pages from [www.bentleycollection.com](http://www.bentleycollection.com) dated between 2002 and 2009. These pages show a variety of goods being offered for sale. The pages have upon them the word BENTLEY and also the winged letter 'B'. The goods include jackets, shirts, ties, caps, gloves, scarves, stoles, cufflinks, purses, key fobs, writing implements, hip flasks, picture frames, mugs, bags, golf balls, umbrellas, books, teddy bears, wallets, leather CD and card holders. It is difficult to see what mark, if any, is on many of the items. Those where a mark is visible appear to mostly have just the winged letter 'B', or that logo with the word BENTLEY written underneath. Similar if not identical to JP3 the items of clothing have the 'winged B' and 'Team Bentley' emblazoned upon them, with the term Bentley reserved for the interior/back label.
- JP7: Copies of 'The Bentley Collection' brochures from 2002 to 2008 which show a variety of goods being offered for sale. There is considerable duplication in the items on offer from one year to the next in the 260 pages in this exhibit. The pages have upon them the word BENTLEY and also the winged letter 'B'. The goods include jackets, shirts, ties, caps, gloves, scarves, stoles, cufflinks, purses, key fobs, writing implements, hip flasks, mugs, sports bags, rucksacks, wine coolers, jewellery boxes, luggage, briefcases, toiletries bag, chairs, umbrellas, clocks, watches, teddy bears, toys, wallets, leather CD and card holders. Many of the pages are so badly photocopied that nothing can be discerned. Those where a mark is visible appear to mostly have just the winged letter 'B', or that logo with the word BENTLEY written underneath. Similar if not identical to JP6."

28. The short point made by Bentley Clothing is that Bentley Motors' argument that use of the Combination Sign was use of BENTLEY alone was accepted and adopted without demur by the Hearing Officer, as appears from the foregoing paragraphs.
29. Mr Cuddigan argued that the Hearing Officer thus made a finding of fact that use of the Combination Sign by Bentley Motors constituted use of the sign BENTLEY alone. This formed a necessary part of his conclusion that Bentley Motors owned goodwill in its business in the marketing of clothing and that such goodwill was associated with the name BENTLEY alone. Mr Cuddigan submitted that this finding established an issue estoppel.
30. I asked Mr Cuddigan whether Bentley Motors was also putting a case based on the doctrine of law restraining a party from running inconsistent cases against another party, which seemed to be foreshadowed in the Reply. In *Express Newspapers plc v News (UK) Ltd* [1990] FSR 359, the Vice-Chancellor, Sir Nicholas Brown-Wilkinson, said at 369:



“There is a principle of law of general application that it is not possible to approbate and reprobate. That means you are not allowed to blow hot and cold in the attitude you adopt. A man cannot adopt two inconsistent attitudes towards another; he must elect between them and, having elected to adopt one stance, cannot thereafter be permitted to go back and adopt an inconsistent stance.”

31. Mr Cuddigan told me that Bentley Clothing did not rely on this doctrine, only on issue estoppel.

*Bentley Motors’ case*

32. Ms Michaels accepted that an essential step in the reasoning of the Hearing Officer in arriving at his ruling that Bentley Motors had acquired goodwill in its clothing business, such goodwill being associated with the name BENTLEY, was that Bentley Motors had used that name in promoting its clothing business. However, Ms Michaels continued, the finding that the name BENTLEY had been used was not based solely on Bentley Motors’ use of the Combination Sign. It was a finding derived from Bentley Motors’ use of a wide range of devices and signs which also included (i) the words THE BENTLEY COLLECTION, (ii) the word BENTLEY alone, (iii) the B-in-Wings device in green and yellow in a frame with BENTLEY beneath it, (iv) the B-in-Wings device in a frame with TEAM BENTLEY beneath it, (v) the B-in-Wings device without a frame with TEAM BENTLEY beneath it, (vi) the words TEAM BENTLEY alone, (vii) a stylised ‘B’ with BENTLEY MOTORS in a circle around the outside and (viii) the words BENTLEY BOYS.
33. Ms Michaels submitted that it was not possible to conclude from the Decision that Bentley Motors’ use of the Combination Sign by itself generated the relevant goodwill and that therefore it cannot be inferred that such use, of itself, formed an essential step in the reasoning of the Hearing Officer.

*Discussion*

34. The Hearing Officer’s finding of relevant goodwill is summed up in his paragraph 53 where he discusses the evidence he considers relevant in relation to Bentley Motors’ marketing of different categories of goods:

“53) ... The figures at paragraph 7 [of the Hearing Officer’s Decision, which he took from Bentley Motors’ evidence] for clothing are suspect and only begin in 2005 and even then are very small, however the exhibits (JP3, 6 & 7) show use on clothing from 2000. ... I conclude that [Bentley Motors] has shown that it has goodwill in the mark BENTLEY in respect of cars and watches among a substantial proportion of the population of the UK, and to a lesser extent it has goodwill in clothing.”

35. The marks used by Bentley Motors from which the Hearing Officer drew the conclusion that goodwill in BENTLEY had been acquired were those used in JP3, 6 and 7, which I have quoted above. I agree with Ms Michaels that those exhibits show use of the wide variety of marks she listed. However, in JP6 the Combination Sign is (or if it is two signs, are) easily the most frequently used. It is also one of the most frequently used in JP 7.

36. It seems to me that on a fair reading of the Hearing Officer's Decision, he took use of the Combination Sign to be use of the word BENTLEY alone. In fact this does not seem to have been in dispute. I do not believe that his lesser reliance on the use of other signs as constituting use of the BENTLEY mark detracts from a clear finding that the Combination Sign constituted use of the BENTLEY mark alone. This finding was a step essential to his conclusion that Bentley Motors owned goodwill in a clothing business, which goodwill was associated with BENTLEY.
37. My difficulty is that the Hearing Officer's reasoning was in the context of passing off. Presumably because there was no dispute that use of the Combination Sign constituted use of the word BENTLEY, the Hearing Officer did not spend time analysing why that is. I imagine he accepted that at least a significant proportion of reasonable members of the public would have interpreted the Combination Sign in that way. I am sure that he did not consider whether the average consumer of European trade mark law would have perceived the Combination Sign to be one or two signs since there was no need to do so.
38. It may be said that the Hearing Officer's finding would be likely to coincide with a finding that the average consumer would take the Combination Sign to be two signs. But that is not the point. In my view, the Hearing Officer made no finding which created an issue estoppel relevant to these proceedings.

### **Whether the Combination Sign would have been seen as one or two signs**

#### *Oral use*

39. Mr Cuddigan submitted that any commercial dealings with Bentley Motors' clothing or headgear bearing the Combination Sign was bound to lead to oral use of the sign BENTLEY alone. This was not part of Bentley Clothing's pleaded case and there was no reason for Bentley Motors to prepare evidence or argument to deal with it. I leave it to one side.

#### *The evidence*

40. I was shown a swing tag dating from August 2005 of the sort attached to clothing marketed by Bentley Motors. Ms Mitchell was asked whether the same swing tag was still in use when she took over control of Bentley Motors' branded goods in January 2006 but she was unable to say. One side of the tag bears the B-in-Wings device and the words 'THE BENTLEY COLLECTION', with BENTLEY in larger typeface than the other two words. On the reverse side various contact details are given and at the bottom is this:

“‘Bentley’ and the ‘B-in-Wings’ device are registered trademarks.”

41. Mr Cuddigan drew attention to Bentley Motors' use of the plural.
42. The terms and conditions issued by Bentley Motors in relation to the Bentley Collection, shown on its website in October 2012, also stated at paragraph 2.3:

“‘Bentley’ and the ‘B-in-Wings’ device are registered trademarks.”

43. A licence dated 15 November 2011 from Bentley Motors to TPD Luxury Solutions, trading as Aquascutum, served to license TPD to use the word BENTLEY, a stylised B and the B-in-Wings device for golf clothing and accessories. Attached were letters of authority including one, dated 3 May 2012, which stated that TPD was:
- “...authorised to manufacture, or to have manufactured for it, and to sell items of golf apparel and golf accessories that have the Bentley word mark and the ‘B’ in wings device applied to them. The relevant trade marks are listed in the attachment to this letter.”
44. There was also a licence dated 1 January 2014 granted by Bentley Motors to Heritage Cashmere UK Limited allowing Heritage Cashmere to use ‘the Trade Mark’ for cashmere, silk and woollen products. The ‘Trade Mark’ was defined:
- “the word or mark ‘Bentley’ and ‘B in wings’ and the registrations of the same and any registrations granted pursuant to such applications.”
45. On the face of those licences, TPD and Heritage Cashmere were permitted to use both the word BENTLEY and the B-in-Wings device, together or separately, on their clothing. There was evidence that both licensees used BENTLEY alone on their garments.
46. There was a witness statement dated 12 October 2016 from Ms Pridding filed in proceedings before the UKIPO (Case O-117-17). At paragraph 13 she states:
- “...in preparing this statement I have reviewed all of the licence agreements with the third parties referred to at paragraph 23 of my first statement and they all contain licences to use the name BENTLEY, either as part of a composite logo or the word BENTLEY alone.”
47. Ms Michaels pointed out that the licence agreements with third parties which Ms Pridding had in mind were all agreements permitting the licensee to co-brand, such as AQUASCUTUM GOLF FOR BENTLEY.
48. Ms Michaels also referred me to a website called ‘Global Cars Brands’, published in April 2015, in which the Combination Sign is apparently described as ‘the Bentley logo’. She suggested that the writer took the whole Combination Sign to be the logo. That may be, although I think it is possible that a reader would understand the logo to be the B-in-Wings device, which looks like a logo, plus the name below it.
49. I was also shown a page from the website of Inkbot Design, a design agency in Belfast, which in October 2017 set out what were said to be the 100 most famous logos of all time (the Walmart logo came first). The Combination Sign came 45<sup>th</sup>. The website says this about it:
- “The ‘B’ in the logo shows two wings attached depicting the car’s efficiency – very close to one with wings”.
50. The Bentley Motors brand guidelines of 2006 were for the instruction of licensee users of Bentley’s marks. A section on the ‘Bentley Logo’ identifies two logos used to brand items from Bentley Motors. One is called the ‘simplified logo’ and the other

the ‘solid logo’. They are so similar that it is hard to tell them apart as printed on the page. Ms Michaels said that they both take the form of the Combination Sign and are both described as the ‘Bentley Logo’, showing that Bentley Motors saw the Combination Sign as a single sign. I would point out, on the other hand, that immediately below this the debossed and embossed versions of the logo are displayed and here the B-in-Wings device is shown without the word BENTLEY below it, still described as the ‘logo’. A reader might assume that the B-in-Wings device is the logo proper, which may be used with BENTLEY below it in the various forms of use permitted on that page of the guidelines. Alternatively, the ‘Bentley logo’ was not understood to have a strict meaning in the sense that it could be either the B-in-Wings device alone or that device plus the word.

### *Discussion*

51. My impression from the evidence is that the distinction between one sign and two was of no concern to Bentley Motors up to 2014. In fact, the swing tag of 2005, the terms and conditions of 2012 and the licences granted up to January 2014 suggest that Bentley Motors’ own view was that the Combination Sign consisted of two signs used together.
52. This is reinforced by the 2014 guidelines which imply a change of view or policy within the company. At section 2.2.3 the ‘Bentley Logo’ is depicted in some detail, taking the form of the entire Combination Sign. The instructions to users say this:

“The Bentley logo consists of the wings and the name Bentley. *From now on they will always remain together and should never [be] separated.*” (my italics)
53. Passages elsewhere in the 2014 guidelines also make it clear that by 2014 Bentley Motors’ message to licensees of its marks was that the Combination Sign was to be treated as a single sign.
54. As tends to be the case when applying a criterion of perception in IP litigation, the question has an artificial quality to it. Doubly so in this case. Not only is the average consumer a legal construct who does not exist in the real world but also I think it is likely that real consumers had issues to occupy their time other than giving thought to whether the Combination Sign was one sign or two. Part of the artificiality is that I must assume that the hypothetical average consumer would, entirely unprompted, consider the matter. I mention this because although, like practically every other adult in this country, I am close to being the average consumer of this case, my view will not necessarily coincide with the average consumer’s perception. I must focus on the latter.
55. Both the word BENTLEY and the B-in-Wings device were used extensively and separately for a long time before November 2011. The device was registered as a trade mark by Bentley Motors in 1980 and was used for some years before then. Mostly the two signs were used other than for clothing or headgear, but I was given no reason to suppose that the average consumer would perceive any difference in the use of those signs in one context or another. The average consumer’s perception would have developed from all use of those signs.

56. The fact that the word BENTLEY and the B-in-Wings sign were used separately over a long period suggest to me that in the early 2000s the average consumer would have taken them to be separate signs.
57. Mr Foster's evidence was that in around early 2002 Bentley Motors moved away from the B-in-Wings device appearing in a frame to what he called 'the full lock-up', meaning use of the entire Combination Sign. But for the reasons given above I think that Bentley Motors continued to regard the word BENTLEY and the B-in-Wings sign as two separate signs up until 2014. I also think that this view would have been transmitted, expressly or by implication, to Bentley Motors' trading partners. Consumers would not have received any contrary impression. I have no doubt that until 2014 the average consumer, long familiar with both the B-in-Wings device and the BENTLEY name as individual trade marks, when seeing the two used together in the Combination Sign would have taken them to be exactly that: two familiar signs being used together.
58. Efforts by Bentley Motors to tell its licensees that the B-in-Wings device should always appear with the BENTLEY name seem to have dated from 2014. I will assume that the licensees complied with Bentley Motors' requirements. Parties relatively sophisticated in brands, including the publishers of Global Car Brands in 2015 and Inkbot Design in 2017 may have been aware of Bentley Motors' policy that the Combination Sign was to be treated as one sign.
59. What of the average consumer after 2014? I think that three points must be borne in mind. First, the average consumer would in 2014 have been familiar with the B-in-Wings device and the BENTLEY name as separate and distinct signs. Secondly, there is no reason to suppose that the average consumer would know anything about Bentley Motors' new intention that the device should always appear with the name. Thirdly, on any view the average consumer would regard the BENTLEY name as a single distinct sign because it was and continues to be used extensively by itself. Not in the case of clothing and headgear since around 2012 to 2014, but I think that it would take a consumer more observant than the average consumer to notice this.
60. I find it likely that since 2014, and even now, upon seeing the Combination Sign the average consumer would perceive it to be two distinct signs used simultaneously. Use of the Combination Sign therefore constitutes use of the BENTLEY sign and an infringement of the Word and Series Marks pursuant to s.10(1) of the 1994 Act. This is subject to the defences to infringement discussed below.

### **Likelihood of confusion**

61. Bentley Clothing had a fallback position: if the Combination Sign was seen to be a single sign by the average consumer, its use would still infringe those trade marks under s.10(2) of the 1994 Act. Bentley Motors argued that it would not because there was no likelihood of confusion within the meaning of s.10(2). I will consider this argument in case I am wrong about infringement under s.10(1).

#### *The law on likelihood of confusion*

62. Likelihood of confusion is to be assessed as of the date on which the use of the sign complained of was commenced, see Case C-145/05 *Levi Strauss & Co v Casucci SpA*,

EU:C:2006:264; [2006] E.C.R. I-3703. The Combination Sign was first used at the beginning of 2002.

63. Arnold J recently referred to the summary of principles used by the Trade Marks Registry when assessing a likelihood of confusion in *Sky plc v Skykick UK Ltd* [2018] EWHC 155 (Ch); [2018] RPC 5:

“[287] Likelihood of confusion. The manner in which the requirement of a likelihood of confusion in art.9(2)(b) of the Regulation and art.10(2)(b) of the Directive, and the corresponding provisions concerning relative grounds of objection to registration in both the Directive and the Regulation, should be interpreted and applied has been considered by the CJEU in a large number of decisions. The Trade Marks Registry has adopted a standard summary of the principles established by these authorities for use in the registration context. The current version of this summary, which takes into account the point made by the Court of Appeal in *Maier v ASOS Plc* [2015] EWCA Civ 220, [2015] E.T.M.R. 26, [2015] F.S.R. 20 at [76], is as follows:

‘(a) the likelihood of confusion must be appreciated globally, taking account of all relevant factors;

(b) the matter must be judged through the eyes of the average consumer of the goods or services in question, who is deemed to be reasonably well informed and reasonably circumspect and observant, but who rarely has the chance to make direct comparisons between marks and must instead rely upon the imperfect picture of them he has kept in his mind, and whose attention varies according to the category of goods or services in question;

(c) the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details;

(d) the visual, aural and conceptual similarities of the marks must normally be assessed by reference to the overall impressions created by the marks bearing in mind their distinctive and dominant components, but it is only when all other components of a complex mark are negligible that it is permissible to make the comparison solely on the basis of the dominant elements;

(e) nevertheless, the overall impression conveyed to the public by a composite trade mark may, in certain circumstances, be dominated by one or more of its components;

(f) and beyond the usual case, where the overall impression created by a mark depends heavily on the dominant features of the mark, it is quite possible that in a particular case an element corresponding to an earlier trade mark may retain an independent distinctive role in a composite mark, without necessarily constituting a dominant element of that mark;

(g) a lesser degree of similarity between the goods or services may be offset by a greater degree of similarity between the marks, and vice versa;

(h) there is a greater likelihood of confusion where the earlier mark has a highly distinctive character, either per se or because of the use that has been made of it;

(i) mere association, in the strict sense that the later mark brings the earlier mark to mind, is not sufficient;

(j) the reputation of a mark does not give grounds for presuming a likelihood of confusion simply because of a likelihood of association in the strict sense; and

(k) if the association between the marks creates a risk that the public might believe that the respective goods or services come from the same or economically-linked undertakings, there is a likelihood of confusion.’

[288] The same principles are applicable when considering infringement, although as discussed above it is necessary for that purpose to consider the actual use of the sign complained of in the context in which it has been used.

[289] It is important to appreciate that, when assessing whether there is a likelihood of confusion, it is necessary to assume that the trade mark is being used by the proprietor across the full width of (the relevant part of) the specification of goods or services even if that is not in fact the case: see *Maier* at [78], [80], [85] and [87].”

64. That last quoted paragraph has a bearing in the present case, in particular the reference to paragraph 78 of *Maier* in which the Court of Appeal stated:

“[78] Secondly, the court must then consider a notional and fair use of that mark in relation to all of the goods or services in respect of which it is registered. Of course it may have become more distinctive as a result of the use which has been made of it. If so, that is a matter to be taken into account for, as the Court of Justice reiterated in *Canon* at [18], the more distinctive the earlier mark, the greater the risk of confusion. But it may not have been used at all, or it may only have been used in relation to some of the goods or services falling within the specification, and such use may have been on a small scale. In such a case the proprietor is still entitled to protection against the use of a similar sign in relation to similar goods if the use is such as to give rise to a likelihood of confusion.”

65. Thus, a trade mark proprietor need not make any use at all of his mark (subject to the non-use provisions of the Act and Directive and those do not have effect until 5 years after registration) and yet still establish a likelihood of confusion with a sign under s.10(2). When considering the likelihood of confusion the court must apply the factors set out in *Maier* assuming a notional and fair use of the registered trade mark in issue.

66. Finally, the European Court of First Instance has given some specific guidance regarding the comparison of a device mark and a sign. In *Wassen International Ltd v OHIM* (T-312/03) EU:T:2005:289 the Court of First Instance approved (at [37]) the following reasoning of the OHIM Board of Appeal:

“... where a trade mark is composed of verbal and figurative elements, the former should, in principle, be considered more distinctive than the latter, because the average consumer will more easily refer to the goods in question by quoting their name than by describing the figurative element of the trade mark.”

### *Discussion*

67. Bentley Motors compared its very extensive reputation in early 2002 as the supplier of luxury motor cars to the much more modest reputation of Bentley Clothing. It was argued that since 2002 the average consumer would have been bound to think only of Bentley Motors when he or she saw clothing or headgear either bearing the Combination Sign or marketed by reference to it.
68. I think that this is to make the false assumption that the owner of a registered trade mark must have used it to an extent sufficient to generate a likelihood of significant confusion in the real marketplace. That is not correct, see paragraph 78 of *Maier* quoted above. I must assess the likelihood of confusion on the assumption that Bentley Clothing has made a notional and fair use of its trade marks.
69. I have no doubt that the dominant component of the Combination Sign is the word BENTLEY. As Bentley Motors asserted, the B-in-Wings device had a huge reputation in relation to Bentley cars such that it would have been known to the majority of people in the UK and, therefore, to the average consumer in early 2002. The device by itself would have brought BENTLEY to his or her mind. This would have been reinforced by the prominent use of BENTLEY below the device where the Combination Sign was used. It would have been further reinforced by any oral reference to the Combination Sign on the part of the average consumer, see *Wassen International* above.
70. Bentley Motors relied on the absence of any evidence of confusion notwithstanding the use of the Combination Sign since 2002. But as the Hearing Officer pointed out in the UKIPO proceedings mentioned above, use of the Combination Sign in relation to clothing and headgear has been modest. Bentley Clothing is not a major enterprise and neither it nor its predecessors have used the trade marks in suit on a large scale. Also, no reason was advanced why any confusion that has occurred would necessarily come to light.
71. Applying all the principles set out in *Maier* and having particularly in mind the dominant feature of the Combination Sign, in my view there was a likelihood of confusion between that sign and the Word and Series trade marks owned by Bentley Clothing.

### **Transitional provisions of the 1994 Act**

#### *The law*



72. The 1994 Act contains transitional provisions which apply to the use of signs which were lawful under the immediately preceding 1938 Act, but which are no longer lawful under the 1994 Act. Paragraph 4 of Schedule 3 to the Act provides:

“4 (1) ... section 14 of this Act (action for infringement) applies in relation to infringement of an existing registered mark committed after the commencement of this Act, subject to sub-paragraph (2) below.

*The old law continues to apply in relation to infringements committed before commencement.*

(2) *It is not an infringement of—*

*(a) an existing registered mark, or*

*(b) a registered trade mark of which the distinctive elements are the same or substantially the same as those of an existing registered mark and which is registered for the same goods or services,*

*to continue after commencement any use which did not amount to infringement of the existing registered mark under the old law.”*

*The evidence*

73. The 1994 Act came into force on 31 October 1994. Up to October 1994 Bentley Motors was selling jackets, silk ties, caps and scarves.
74. The evidence available indicates that BENTLEY was not used on the goods themselves at that time, but they were advertised in a catalogue under the head ‘The Bentley Selection.’ As I have said, Bentley Clothing disclaimed any allegation that such use would infringe their trade marks, but I must nonetheless consider the effect of such use in order to deal with the transitional provisions of the 1994 Act. It seems to me that marketing clothes in a catalogue under the heading ‘The Bentley Selection’ was use of the sign BENTLEY in the course of Bentley Motors’ trade in clothing. Or to use the words of the 1938 Act then in force, it was use of the word BENTLEY in relation to clothing.
75. At that time only the Lozenge Mark was registered, in respect of ‘knitted clothing, shirts and waistcoats’. Under the 1938 Act and its predecessors a trade mark owner could not sue for infringement in respect of goods or services for which the mark was not registered, see *Jay v Ladler* (1888) 40 Ch.D. 649. It was common ground that none of the clothing sold by Bentley Motors up to the end of October 1994 qualified as either knitted clothing, a shirt or a waistcoat. Mr Cuddigan did not suggest that Bentley Motors infringed the Lozenge Mark up to the date on which the 1994 Act came into force.
76. In my view Bentley Motors has a continuing right to sell garments of the type sold before November 1994 under the banner ‘The Bentley Selection’. The question is whether the transitional provisions provide a wider defence.

*Bentley Motors’ argument*

77. Ms Michaels submitted that they do. She pointed to paragraph 4(2)(b) of Schedule 3, quoted above. There is a defence in relation to the Lozenge Mark. Ms Michaels said that if, as Bentley Clothing assert, the distinctive elements of the Series Mark, the Word Mark and Lozenge Mark are all the same, namely BENTLEY, there is a defence to infringement of those later marks.
78. Ms Michaels' argument continued: if (as I have found) use of the Combination Sign constitutes use of the word BENTLEY alone, then since Bentley Motors has a defence to the use of BENTLEY in relation to clothing and headgear, it has a defence to the use of the Combination Sign in relation to clothing and headgear. It has, in other words, a defence to all allegations of infringement of Bentley Clothing's three trade marks.

### *Discussion*

79. This argument turns on what is meant by "to continue after commencement any use which did not amount to infringement ... under the old law". I was informed by counsel that the meaning of this part of paragraph 4 of Schedule 3 of the 1994 Act has never been considered by the courts.
80. Infringing use of a sign can vary in at least three ways. First, use of different signs might constitute infringement of the same trade mark because each sign may be sufficiently similar to the trade mark to infringe. Secondly, the manner of use of a sign may vary – it could be use on the relevant goods themselves, on packaging, in advertising and so on. Thirdly, a sign could be used in relation to different goods or services, all of which fall within the specification of the trade mark. The point is whether the use contemplated in paragraph 4(2)(b) can vary in any or all of those ways.
81. Ms Michaels' argument implies that there is a defence even if the manner of use of BENTLEY by Bentley Motors has varied, in either or both of the second or third ways I have mentioned, from the use conducted before November 1994.
82. I do not believe that Parliament intended the defence provided by the transitional provisions to extend so widely. If a defendant may, as much as he wishes, vary the infringing use of a sign relative to the use conducted up until 31 October 1994 and still benefit from the defence provided by paragraph 4(2)(b) of Schedule 3, that would make the defence afforded by the transitional provisions remarkably wide. It would permit uses of the sign which the defendant had not even contemplated before the 1994 Act came into force.
83. In my view the intention of Parliament was to allow parties to carry on as they were, not to permit their branching out into new uses of signs which have since become the exclusive right of a trade mark proprietor.
84. In my judgment Bentley Motors is entitled to continue the sale of jackets, silk ties, caps and scarves, but not other types of clothing or headgear. It is entitled to advertise those goods by means of literature bearing the BENTLEY sign, but not to use that sign on the goods themselves or on tags or other material attached to the goods.

### **Honest concurrent use**

*The law*

85. Although s.7 of the 1994 Act preserved the defence of honest concurrent use which had been available under the 1938 Act, there has been no express provision for any such defence in successive Trade Mark Directives. The basis for that defence in law therefore comes from the judgment of the CJEU in *Budějovický Budvar, národní podnik v Anheuser-Busch Inc* (C-482/09) EU:C:2011:605; [2012] RPC 11 and subsequent judgments based on it.
86. The CJEU reiterated in *Budějovický Budvar* that a trade mark will be infringed only if use of the sign in issue is liable to affect the functions of the mark. The Court ruled that if there has been honest concurrent use of the accused sign, such use would not have, nor would it be liable to have, an adverse effect on the origin function of the trade mark. Honest concurrent use therefore provides a defence to infringement.
87. Henry Carr J set out a summary of the law on honest concurrent use in *Victoria Plum Ltd v Victorian Plumbing Ltd* [2016] EWHC 2911 (Ch); [2017] FSR 1, based on the line of authorities stemming from *Budějovický Budvar*:
- “[74] The case law to which I have referred establishes the following principles:
- (i) Where two separate entities have co-existed for a long period, honestly using the same or closely similar names, the inevitable confusion that arises may have to be tolerated.
  - (ii) This will be the case where the trade mark serves to indicate the goods or services of either of those entities, as opposed to one of them alone. In those circumstances, the guarantee of origin of the claimant’s trade mark is not impaired by the defendant’s use, because the trade mark does not denote the claimant alone.
  - (iii) However, the defendant must not take steps which exacerbate the level of confusion beyond that which is inevitable and so encroach upon the claimant’s goodwill.”
88. Henry Carr J went on to consider the meaning of honesty in this context. He drew on the principles which apply in the context of s.11(2) of the 1994 Act (defences to infringement of a trade mark which apply “provided the use is in accordance with honest practices in industrial or commercial matters”) and the equivalent provisions of the Trade Mark Directive or Regulation in force at the time when the relevant authorities were decided. He summarised those principles:
- “[79] In my judgment, the factors which have been considered in the context of honest commercial practices in respect of the own name defence need a degree of adaptation when considering whether ‘concurrent use’ is honest. In particular:
- (i) The defendant has a duty to act fairly in relation to the legitimate interests of the trade mark proprietor.

- (ii) All circumstances must be considered when ascertaining whether or not the use by the defendant is honest, including whether the defendant can be regarded as unfairly competing with the trade mark proprietor.
- (iii) However, the question is not simply whether use of the sign complained of gives rise to consumer deception, as such deception may have to be tolerated. Similarly, the defendant may well be aware of the existence of such confusion, having lived with it for a considerable period.
- (iv) The question is whether the defendant has taken steps which exacerbate the level of confusion beyond that which is inevitable and so has encroached upon the claimant's goodwill.
- (v) Whether the defendant ought to be aware that such steps will exacerbate confusion is a relevant factor."

89. In *W3 Ltd v EasyGroup Ltd* [2018] EWHC 7 (Ch); [2018] FSR 16 Arnold J doubted (at [287]) that honest concurrent use provides a defence to infringement under art.9(1)(b) of Council Regulation (EC) 40/94, equivalent to s.10(2) of the 1994 Act. He believed that it may be better viewed as a factor that falls into account as part of the global assessment required under art.9(1)(b), although he did not state a view as to whether this could make a material difference.

90. I have found that there has been infringement under s.10(1), subject to the two defences including honest concurrent use. If I am wrong about that but right to accept Bentley Clothing's fallback position that there was a likelihood of confusion within the meaning of s.10(2), Bentley Motors' claim to honest concurrent use must be considered by reference to the allegation under that subsection. I will assume that it makes no difference whether this is better seen as a post script and potential qualification to my finding above in relation to s.10(2), or alternatively that it should be viewed as a ruling on the pleaded defence of honest concurrent use.

91. Mr Cuddigan underlined that only in exceptional circumstances will honest concurrent use arise. In *Budějovický Budvar* the CJEU spelt this out:

"[76] ... it should be stressed that the circumstances which gave rise to the dispute in the main proceedings are exceptional."

92. There was a finding of honest concurrent use in *IPC Media Ltd v Media 10 Ltd* [2014] EWCA Civ 1439; [2015] FSR 12. The Court of Appeal followed *Budějovický Budvar*, which was described by Kitchin LJ (at [56]) as:

"... one of those rare cases in which the use of the mark complained of is indeed honest and that it has not had and will not have an adverse effect upon the essential function of the registered trade mark, and that is so because the guarantee of origin the mark provides is just the same as it has always been."

93. Mr Cuddigan also relied on more specific factors to be applied in the assessment of honest concurrent use not mentioned in the summaries of the law in *Victoria Plum*. Three of them were:
- (i) whether the defendant knew of the existence of the trade mark or marks and if not, whether it would have been reasonable for the defendant to conduct a search;
  - (ii) whether the defendant used the sign complained of in reliance on competent legal advice based on proper instructions; and
  - (iii) whether the defendant knew that the trade mark owner objected to the use of the sign complained of, or at least should have appreciated that there was a likelihood that the owner would object.
94. Authority for the relevance of these three factors can be found at *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd* [2009] EWHC 3032 (Ch); [2009] RPC 9 at [150]-[151] and [154]-[155], approved on appeal [2010] EWCA Civ 110; [2010] RPC 16 at [80]. See also *Samuel Smith Old Brewery (Tadcaster) v Lee* [2011] EWHC 1879 (Ch); [2012] FSR 7, at [118].
95. Mr Cuddigan further submitted that a significant way in which a defendant may exacerbate the inevitable confusion arising from concurrent use of a mark and/or encroach on the claimant's goodwill is by the defendant expanding his core business in a manner such that it moves towards the core business of the claimant.
96. In *IPC Media Ltd* the claimant was the publisher of a home interest magazine called IDEAL Home, first published in about 1920. The defendant was the owner of a business which ran a home interest exhibition at Earl's Court and elsewhere under the name IDEAL HOME SHOW. The dispute arose when first the claimant and then the defendant launched online shops selling home interest products. The Court of Appeal agreed with a finding at first instance that there had been longstanding honest concurrent use of the IDEAL HOME mark, that the provision of online retail services concerning home interest products by both parties was an entirely natural extension of the businesses of each of them and therefore, so far as the defendant was concerned, a continuation of its honest concurrent use. Consequently the development of the defendant's online business would not have an adverse effect on the essential function of the claimant's registered trade mark – which did not solely indicate the goods or services of the claimant – and there was no infringement of the mark.
97. Mr Cuddigan relied on a passage in the judgment of Kitchin LJ, with whom Lord Dyson MR and Bean LJ agreed, in which he distinguished the facts of *IPC Media* from an instance in which the defendant's business was developed in a manner that moved it towards the core business of the claimant (at [57]):
- “... I do not accept that the reasoning of the deputy judge leads directly and inevitably to the conclusion that each party may now start using the name Ideal Home in relation to the core activities of the other. That, it seems to me, would be an expansion of a different nature from that which the parties have undertaken in relation to retail services on the internet, and that is so because it would involve an encroachment into precisely the area of business in relation

to which each has generated a goodwill over many years. As such I believe it would involve the use of the name in a different context and might well result in the actionable deception of a significant number of persons.”

*The issue in this case*

98. My finding in relation to s.10(1) is consequent upon use of the Combination Sign being use of the word BENTLEY. My alternative finding in relation to s.10(2) depends on BENTLEY being the dominant feature of the Combination Sign. Therefore the honest concurrent use claimed must be that of the BENTLEY sign as used by Bentley Motors in relation to clothing and headgear.
99. If longstanding use of the BENTLEY sign by Bentley Motors for those goods has led that name to denote either Bentley Clothing or Bentley Motors when used in relation to clothing or headgear and Bentley Motors has taken no steps to exacerbate the level of confusion which is an inevitable consequence of the dual use of BENTLEY and thereby to encroach upon Bentley Clothing’s goodwill, there is a defence of honest concurrent use.

*The facts*

100. I have already given some to the background history to this case but in order to consider whether there has been honest concurrent use I need to set it out in more detail.
101. Bentley Motors’ predecessor, also called Bentley Motors Limited, was founded in Cricklewood in 1919 by Walter Owen Bentley. Bentley cars have been made and sold under the BENTLEY name since 1921. Bentley Motors itself was incorporated on 28 October 1970.
102. The business in the sale of clothing under the BENTLEY mark now conducted by Bentley Clothing began in 1962.
103. The Lozenge Mark was granted to Bentley Clothing’s predecessor on 12 August 1982.
104. Bentley Motors first sold clothing in about 1987. The best evidence was a catalogue of that date entitled ‘The Rolls Royce Collection/The Bentley Selection’, dating from the period when Bentley Motors was in the same group as Rolls-Royce Motor Cars Limited. The part of the catalogue headed ‘The Bentley Selection’ advertised, among other things, an anorak, ties, a jacket, a belt buckle and a scarf. The only mark attached to the goods themselves, as shown in the catalogue, was the B-in-Wings device.
105. Bentley Clothing first contacted Bentley Motors in 1998. This was in a letter dated 3 August 1998 from Robert Lees, owner of Bentley Clothing, to Dr Ferdinand Piech, Chairman of Volkswagen AG. Mr Lees suggested granting a licence to Bentley Motors. The response came on 2 October 1998 from Gillian Duddy, legal counsel at Bentley Motors, asking for further information. There followed further correspondence, phone calls and a meeting towards the end of 1998 between Robert Lees, his son Christopher and Ms Duddy. No agreement was reached.

106. On 22 September 1998 Bentley Clothing filed an application for what became the Series Mark.
107. Up until 2000 the branding used on Bentley Motor's clothing was limited to the B-in-Wings device although, as I have said, it was sold as part of 'The Bentley Selection'. In 2000 a catalogue of Bentley Motors merchandise was published under the title 'The Bentley Collection'. The B-in-Wings device appeared on the front along with BENTLEY and below that in much smaller typeface MOTORS. As before, the only mark on the goods themselves was the B-in-Wings device.
108. In the same year, 2000, Bentley Motors distributed another catalogue under the title 'The Bentley Collection, Return to Le Mans'. The clothing in this catalogue was marked with the B-in-Wings device and below it the words TEAM BENTLEY.
109. The Bentley Collection catalogue of 2002 showed the clothing for the first time bearing the Combination Sign. There was one exception, a baseball cap which bore the sign BENTLEY alone on the front of the cap.
110. On 15 July 2004 Bentley Motors filed an application for an EU Trade Mark in the form of the word BENTLEY ('CTM 187'). The application was in respect of goods in Class 25 (clothing, footwear, headgear) among other classes.
111. On 29 January 2005 Bentley Clothing wrote again to Bentley Motors, referring to the application and raising again the possibility of discussions. Correspondence followed, including a letter from Bentley Motors' solicitors dated 21 March 2005 which disclaimed any intention to 'encroach on any valid rights which [Bentley Clothing] may have' and an email from Andrew Armitage, General Counsel of Bentley Motors, stating:

"Our current view is that clothing is not seen as a major growth area for us. We do feel that if we are to venture into this area (to a greater extent [than] the current limited range) that it needs to be done well and at the moment there are other priorities for the development of our branded goods range."
112. The correspondence from Bentley Clothing suggested a continued desire to license their trade marks.
113. On 15 July 2005 Bentley Clothing filed an opposition to CTM 187.
114. There was a further meeting on 9 October 2006 attended by Robert and Christopher Lees, Andrew Armitage and Julia Mitchell, Branded Goods Manager at Bentley Motors. Bentley Clothing offered an exclusive licence under their trade marks, but no agreement was reached.
115. In the last quarter of 2006 a website went live showcasing the BENTLEY COLLECTION of goods which included clothing. A newsletter published at the beginning of 2007 stated:

**"New Clothing Range**

We are currently in the process of finalising the new clothing range and we expect this to be available by April.

...

We will be producing a new high-quality range of jackets, tops and t-shirts with contemporary designs and a subtle Bentley branding. We have focused on improved quality of manufacture and materials, such as 100% merino wool scarf and hat sets.

...

Another exciting development in the Spring will be a children's clothing range including baseball cap, t-shirt and fleece top. This range will continue to evolve over the next year."

116. In cross-examination Ms Mitchell was resistant to the suggestion that this indicated an expansion in the clothing range. But she admitted that Bentley Motors planned to increase its profit on clothing year on year and to sell more products, it seems under pressure from the new owner Volkswagen. She accepted that the children's clothing range was new and that this was a significant change in the clothing business. She also accepted that Bentley Motors was making a significant shift in that its range was being made more attractive to female customers.
117. The figures provided by Ms Pridding to the UKIPO (in Case O-117-17) for the sales of Class 25 Bentley branded merchandise in the UK from 2005 to 2014, set out at paragraph 7 of the Decision, suggest a fall from £57,878 in 2005 to £16,093 in 2009 and then a climb back to £42,401 in 2013 and £36,573 in 2014. I note that in paragraph 53 of his Decision the Hearing Officer found the figures suspect but he took the sales to have been, in any event, very small.
118. I accept Ms Mitchell's evidence that from 2006 Bentley Motors did not significantly increase its sales of clothing and headgear – sales fell if anything – although the range expanded to include items for children and more for women.
119. On 23 August 2007 Bentley Motors withdrew Class 25 from its application for CTM 187.
120. On 22 December 2008 Bentley Clothing filed an application for what became the Word Mark.
121. On 4 June 2015 Bentley Motors brought proceedings in the UKIPO to revoke five of Bentley Clothing's trade marks for non-use, including the Lozenge, Series and Word Marks ('the UK Non-Use Proceedings').
122. On 4 June 2015 Bentley Motors filed two applications for UK Trade Marks in the form of the word BENTLEY, nos. 014202378 ('UK 378') and 03111870 ('UK 870'). Both included Class 25 (clothing, headgear and footwear).
123. On 30 September 2015 Bentley Clothing opposed the registration of UK 378.
124. On 1 December 2015 Bentley Clothing opposed the registration of UK 870.
125. On 18 December 2015 Bentley Motors brought proceedings in the UKIPO for the revocation of the Word Mark, alleging among other things that it owned earlier



goodwill in a business in clothing. This was Case O-117-17 mentioned above, which I will call hereafter ‘the UK Invalidity Proceedings’.

126. On 21 January 2016 Bentley Motors brought proceedings in the EUIPO for revocation of Bentley Clothing’s mark BENTLEY 1962, based on Bentley Motors’ earlier marks and goodwill (‘the EU Proceedings’).
127. On 17 February 2016 the opposition in relation to UK 378 was suspended pending the outcome of the UK Non-Use Proceedings. That opposition remains suspended.
128. On 3 August 2016 the Hearing Officer gave his Decision in the UK Non-Use Proceedings. He found, among other things, that both the Lozenge and Series Marks had been used in relation to clothing and headgear (Bentley Motors had earlier conceded that the Word Mark had been used for clothing and headgear). There was an appeal to the Appointed Person.
129. On 30 November 2016 in the EU Proceedings the EUIPO declared Bentley Clothing’s mark BENTLEY 1962 invalid.
130. On 15 March 2017 the Hearing Officer of the UKIPO rejected Bentley Motors’ action in the UK Invalidity Proceedings. The Word Mark remained on the register unchanged.
131. On 29 March 2017 the Appointed Person dismissed Bentley Motors’ appeal in the UK Non-Use Proceedings.

*Bentley Clothing’s argument*

132. Mr Cuddigan began by saying that it had been incumbent on Bentley Motors to provide a candid explanation of the approach it had taken to the use of BENTLEY in relation to clothing since such use started in the 1980s. This should have included evidence from one or more witnesses with direct knowledge as to when and how Bentley Motors first became aware of Bentley Clothing and whether and when trade mark searches were carried out. This would have revealed the steps taken, if any, not to encroach on Bentley Clothing’s goodwill. Mr Cuddigan said that key witnesses were missing. He identified three of whom Bentley Clothing were aware, but who had not given evidence. The first was Ms Duddy, whom I have mentioned, Legal Counsel at Bentley Motors in the 1990s. She had attended a meeting in 1998 at which Bentley Motors were expressly put on notice of Bentley Clothing’s rights. Secondly, Andrew Armitage who was General Counsel of Bentley Motors and between October 2005 and June 2019 was company secretary. He gave evidence in the UKIPO proceedings, attended a significant meeting with Bentley Clothing and corresponded with them. Mr Cuddigan suggested that Mr Armitage could have explained why Bentley Motors’ attempts to revoke Bentley Clothings’ trade marks in the UKIPO was consistent with the position taken in this court that those trade marks are not infringed by Bentley Motors. Thirdly, Ms Pridding who has been Bentley Motors’ company secretary since 1 June 2019. She gave evidence before the UKIPO which, Mr Cuddigan said, was not consistent with the propositions now advanced by Bentley Motors. I was told that Ms Pridding was present in court during the trial.

133. Mr Cuddigan's first substantive argument was that when Bentley Motors started selling clothing in 1987 it either knew about the Lozenge Mark and thereby knew of Bentley Clothing's predecessor as proprietor, or it ought to have known. The predecessor was not contacted.
134. Secondly, once Bentley Motors was confronted by Bentley Clothing in 1998 and forced to acknowledge the latter's business, Bentley Motors' response was to move towards Bentley Clothing, as Mr Cuddigan put it. This was so because in 2000 Bentley Motors started selling clothing under the TEAM BENTLEY sign. Then on 2002 the Combination Sign was used which included use of the word BENTLEY. Mr Cuddigan submitted that this was bound to exacerbate the likelihood of confusion. In this regard, he referred me to the cross-examinations of Mr Foster and Ms Mitchell. Mr Foster accepted that the change of branding to introduce the Combination Sign had been a significant change.
135. Mr Foster was also asked about a swing tag used on clothing put on the market by Bentley Motors in 2005 while he was Product Manager. As I have said, the tag stated that the B-in-Wings device and the word BENTLEY were, separately, registered trade marks. This was consistent with Bentley Motors' terms and conditions and licence terms at that time. Mr Foster accepted that the swing tag stated that both marks were owned by Bentley Motors even though in truth it did not own a trade mark in the UK in the form of the word BENTLEY for clothing or headgear.
136. Mr Foster further accepted that the swing tag was introduced because it was consistent with increased use of the word BENTLEY by Bentley Motors on clothing generally and that Bentley Motors policy had been to move from just using the B-in-Wings device towards more use of the word BENTLEY. Mrs Mitchell said that the swing tag would have been signed off by the Bentley Motors legal department and therefore expressed Bentley Motors' view that the Combination Sign was in fact two signs and its use incurred use of the word BENTLEY.
137. Mr Cuddigan also drew attention to the beanie hat and scarf which bore the word BENTLEY without the B-in-Wings device. These were first marketed in December 2007. One such hat was produced by Mr Cuddigan during the cross-examination of Ms Mitchell which, he said, his clients had purchased in 2016. The hat and scarf had been designed by Ms Mitchell. She said the design featuring the sign BENTLEY had been done at the request of the Chairman for the Geneva motor show.
138. Mr Cuddigan's overall argument was that even while Bentley Motors was reassuring Bentley Clothing in correspondence that clothing was neither a priority nor a major growth area for Bentley Motors, in reality and in full knowledge of Bentley Clothing's trade marks Bentley Motors expanded its clothing range and changed its branding in a manner which was bound to exacerbate confusion. This was not honest concurrent use.

*Bentley Motors' argument*

139. Ms Michaels pointed out that the use of BENTLEY by both sides for clothing and headgear over many years (taking into account use by Bentley Clothing's predecessor in title) has not led to any confusion that emerged in the evidence. Ms Michaels submitted that Bentley Motors first began using the BENTLEY mark for clothing in

the 1980s, although it was modest until 2005. Whatever the exact date of first use, the Hearing Officer in the UK Invalidity Proceedings found that by December 2008, the date relevant to that application, both Bentley Clothing and Bentley Motors had acquired goodwill associated with BENTLEY in their respective clothing businesses. It must follow that for at least 9 years before the start of these proceedings, in relation to clothing the sign BENTLEY indicated to the public the goods of one or other side in parallel. In fact it must be more than 9 years, at least 12 years, because clothing sales by Bentley Motors in 2005 was such as to have generated goodwill by then. For at least 12 years before the claim form was issued in these proceedings there was concurrent use of the BENTLEY word as a trade mark by both sides.

140. As to Bentley Motors' honesty, Ms Michaels made a number of points. First, Bentley Motors' use of its name for clothing was an entirely natural business spin-off for the owner of a luxury brand like BENTLEY.
141. Secondly, the evidence of Mr Lea was that Bentley Motors was not aware of Bentley Clothing's predecessor or its goods when it started to use BENTLEY for clothing.
142. Thirdly, when Bentley Motors first started using the BENTLEY sign for clothing, the only relevant trade mark owned by Bentley Clothing's predecessor was the Lozenge Mark. Under the Trade Marks Act 1938, then in force, Bentley Motors' sales of clothing under the BENTLEY sign did not infringe that mark.
143. Fourthly, since Bentley Motors started its business in clothing (and headgear), that business has remained fundamentally the same without any undue expansion towards the business of Bentley Clothing.
144. Fifthly, with very minor exceptions Bentley Motors has only used the Combination Sign in relation to clothing and headgear since 2002, thereby differentiating its business from that of Bentley Clothing.
145. Sixthly, since Bentley Clothing contacted Bentley Motors in 1998, there have been cordial exchanges although no settlement to each sides' respective claims. Bentley Clothing made no move to stop Bentley Motors using the BENTLEY sign for many years and not until the start of these proceedings.
146. Ms Michaels argued that this coexistence by the parties over many years qualified as honest concurrent use of the BENTLEY mark for clothing and headgear.

#### *Discussion*

147. It is possible for the status of concurrent use of a trade mark, i.e. whether it is honest or not, to change over time.
148. I begin with Bentley Motors' first sale of clothing in about 1987. The evidence available indicates that BENTLEY was not used on the goods themselves, but they were advertised in a catalogue under the head 'The Bentley Selection.'
149. At that time the only relevant registered mark was the Lozenge Mark. Had Bentley Motors conducted a trade mark search and been properly advised, for the reasons discussed above it would have been told that BENTLEY could not be used for knitted

clothing, shirts and waistcoats but otherwise there was no restriction. In 1987 and well into the 1990s Bentley Motors sold clothing and headgear which did not fall within those categories. It seems to me that there was honest concurrent use of the mark BENTLEY at least until the law changed in 1994.

150. If Bentley Motors was further advised upon the coming into force of the 1994 Act, it would have been told that the transitional provisions of the new Act provided an uncertain degree of comfort. However, by that stage there had been honest concurrent use of the mark for 7 years.
151. Bentley Motors' sales of clothing and headgear seems to have been very modest, but its goodwill may have been more substantial than this suggests. All those who saw the advertising of Bentley Motors' merchandise would have become aware that clothing and headgear was included in that merchandise even if they were not interested in buying. There was no evidence of a significant change in Bentley Motors' business in clothing in the period from October 1994 to 2000.
152. An important event in that period was the first approach by Bentley Clothing in 1998. There can be no doubt that Bentley Motors was on full notice of Bentley Clothing's business and trade marks from that time.
153. Whether or not prompted by a new awareness of Bentley Clothing, in 2000 there came a change in Bentley Motors' branding. This was the introduction of TEAM BENTLEY as the sign used on the garments themselves below the B-in-Wings device.
154. Then in 2002 just the word BENTLEY was used below the device – this was the Combination Sign – and in the instance of one baseball cap Bentley Motors elected to use the sign BENTLEY alone. It is apparent from the swing tag used from 2005, from the terms and conditions published up to 2014 and from the licences granted by Bentley Motors, all apparently authorised by the legal department, that Bentley Motors considered the Combination Sign to be two signs and by inference intended its use to be taken as such. Bentley Motors believed that it was using BENTLEY alone on clothing. There was even a false claim of ownership of BENTLEY as a UK trade mark for clothing.
155. In December 2007, at the Chairman's behest, a beanie hat and scarf were produced bearing the sign BENTLEY alone. Ms Michaels suggested that these were aberrations. I am not sure about that. It strikes me as unlikely that the beanie hat and scarf could have been marketed without consideration by wider sections of the company than the Chairman. I think it reinforces the impression that Bentley Motors believed in its entitlement to use BENTLEY alone as a sign for clothing.
156. I agree with Mr Cuddigan that there was a lack of witnesses with direct knowledge of Bentley Motors' knowledge and intention in the period between 2000 and 2011. The figures who would have been privy to discussions of Bentley Motors' policy at that time with regard to Bentley Clothing and use of the BENTLEY sign for clothing did not give evidence. They are likely to have been one or more of Ms Duddy, Mr Armitage and Ms Pridding. The witnesses who provided evidence for Bentley Motors all disclaimed any knowledge of its policy during their tenure and I accept what they said. I must base my view about policy at the relevant time on the evidence available.

157. That evidence gives the strong impression that from around 2000 Bentley Motors engaged in a policy of ‘grandmother’s footsteps’ in relation to Bentley Clothing – a conscious decision to develop the use of BENTLEY in relation to their range of clothing and headgear such as to increase the prominence of that sign, but only in incremental stages in the hope that no one stage would provoke a reaction from Bentley Clothing.
158. In my judgment this did not constitute honest concurrent use. It may be that because of the modest level of trading by both sides there has been little or no confusion caused by the ever-developing use of BENTLEY on the part of Bentley Motors as a sign for clothing and headgear. However, I think that Bentley Motors’ policy will have had the intended effect of increasingly arrogating to itself goodwill associated with BENTLEY in the clothing business. This amounted to a steady encroachment on Bentley Clothing’s goodwill.
159. My impression of Bentley Motors’ policy is reinforced by its application for CTM 187 in 2004 and the conduct of its litigation in the UKIPO and EUIPO up to the present, summarised above. It is consistent with an intent to clear away Bentley Clothing’s right to protect the BENTLEY mark for clothing and headgear and ultimately to extinguish Bentley Clothing’s right altogether.
160. In my view by November 2011 Bentley Motors was not and still now is not entitled to a defence of honest concurrent use.

#### **Exclusive licence**

161. There was a dispute, barely addressed at the trial, as to whether Brandlogic was truly the exclusive licensee of 1962 Ltd. It could have significance in relation to costs. Ms Michaels argued that the document purporting to be an exclusive licence, an agreement dated 7 December 2010, is nothing more than a management or agency agreement.
162. Section 29(1) of the 1938 Act defines an exclusive licence as:
- “... a licence (whether general or limited) authorising the licensee to the exclusion of all other persons, including the person granting the licence, to use a registered trade mark in the manner authorised by the licence.”*
163. I was told that the agreement of 7 December 2010 was drafted without professional advice. It includes the following:

“Bentley 1962 Limited (the **OWNER**) is the owner of all the UK registered trademarks relating to ‘BENTLEY’ for goods in class 25 as listed in the attached schedule A and by this agreement appoints Brandlogic Limited (the **MANAGER**) on a sole and exclusive basis to manage and develop the scheduled trademarks and the BENTLEY clothing brand on behalf of the **OWNER**, on the following terms,

...

1. Brandlogic Limited (the **MANAGER**) acting exclusively in all matters relating to the BENTLEY brand on the **OWNER'S** behalf and with his authority, shall use its best endeavours and using third parties where the **MANAGER** considers appropriate in order to: - [tasks set out].”

164. This is certainly a management agreement, but the arrangement reached between the parties involved Brandlogic, exclusively, carrying out all acts in relation to the BENTLEY brand, described as the exclusive right to ‘develop’ 1962 Ltd’s trade marks. I think that this is best construed as an exclusive licence – a licence to use those trade marks to the exclusion of all others, including 1962 Ltd.

### **Conclusion**

165. Bentley Clothing succeeds in its allegation of infringement of the Series and Word Marks.