

Case No: A3 2009/0252

Neutral Citation Number: [2010] EWCA Civ 110

IN THE COURT OF APPEAL (CIVIL DIVISION)
ON APPEAL FROM THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
INTELLECTUAL PROPERTY
MR JUSTICE ARNOLD

[2008] EWHC 3032 (Ch)
Royal Courts of Justice
Strand, London, WC2A 2LL

Date: 24 February 2010

Before:

LORD JUSTICE JACOB
LORD JUSTICE LLOYD
and
LORD JUSTICE STANLEY BURNTON

Between:

(1) HOTEL CIPRIANI SRL
(2) HOTELAPA INVESTIMENTO HOTELEIRO SA
(3) ISLAND HOTEL (MADEIRA) LTD
- and -
(1) CIPRIANI (GROSVENOR STREET) LTD
(2) GIUSEPPE CIPRIANI
(3) CIPRIANI INTERNATIONAL SA

Claimant
Respondent

Defendant
Appellant

(Transcript of the Handed Down Judgment of

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Simon Thorley Q.C., James Mellor Q.C. and Charlotte May
(instructed by **Withers LLP**) for the **Appellants**

Iain Purvis Q.C. and Benet Brandreth
(instructed by **Walker Morris**) for the **Respondents**

Hearing dates: 13-15 January 2010

Judgment

Lord Justice Lloyd:

Introduction

1.

There is in Venice a famous and luxurious hotel, Hotel Cipriani. It is owned and run by the First Claimant in these proceedings, Hotel Cipriani Srl, which is part of the Orient Express group. Also in Venice, and also famous, is a bar and restaurant called Harry's Bar. In and near Venice there are two other establishments which feature in the evidence in this case, Locanda Cipriani on the island of Torcello in the Venetian lagoon and Hotel Villa Cipriani in the hill-town of Asolo. An observer aware of these undertakings but not otherwise informed might suppose that there was a connection, at least between the two hotels and the Locanda. An observer with more information would be aware that there was or had also been a connection between Harry's Bar and the other entities through the Cipriani family. Such observers would be right as to a connection between all four, but only to the extent that Signor Giuseppe Cipriani (grandfather of the Second Defendant) was concerned in all four being established. None of these four is now under common or connected ownership. Only two are owned within the Cipriani family, but differently from each other, namely Harry's Bar and Locanda Cipriani.

2.

Hotel Cipriani Srl is the holder of Community Trade Marks in respect of the word Cipriani and the phrase Hotel Cipriani in respect of goods and services including in particular hotels, restaurants, bars and catering. It also holds UK trade marks in respect of the same word and phrase and for the same goods and services. It does not carry on any business at premises in the UK but the business which it does carry on in Venice has an international reputation. It is unnecessary to refer separately to the other Claimants at this stage.

3.

The First Defendant operates a restaurant business at premises in Davies Street, London W1, under the name Cipriani London, or Cipriani for short. I will call it the Restaurant. The Second Defendant, to whom I will refer (meaning no disrespect) as Giuseppe, is the sole director of the First Defendant. The Third Defendant gave a licence to the First Defendant to use the name Cipriani. There are other companies connected with the Defendants, and referred to by the Defendants as being parts of the Cipriani group of companies, but for present purposes it is unnecessary to mention them.

4.

The Restaurant opened in April 2004. Those behind the First Claimant were aware of it shortly before it opened. Complaint was made to the Second Defendant, though not until October 2004. Proceedings were threatened in January 2005. The first letter before action was sent in April 2006. These proceedings were commenced in November 2006.

5.

By the claim, the Claimants seek injunctions restraining the Defendants from using the name Cipriani in relation to the Restaurant, on the basis of infringement of their Community Trade Mark for the word Cipriani (I refer to this as "the Cipriani CTM", and to a Community Trade Mark in general as "CTM"), and also under section 56 of the Trade Marks Act 1994, which provides protection for well-

known marks, and on the basis of passing-off. They also claim monetary remedies. The different causes of action may give rise to injunctions in different terms as a matter of detail, but the main point is whether the Claimants are entitled to an injunction at all.

6.

The Defendants contended (and contend) that the Claimants cannot satisfy the requirements of the tort of passing-off, nor those of section 56. So far as trade mark infringement is concerned, they assert that the use of the signs Cipriani and Cipriani London by the First Defendant comes within the “own name” defence as regards the Cipriani CTM. They also sought (and seek) a declaration that each of the Cipriani CTM and the UK trade mark registered for the word Cipriani is invalid as having been applied for in bad faith, and that the UK trade mark is invalid under section 5(4)(a) of the 1994 Act as regards earlier rights.

7.

The case came to trial before Arnold J in October and November 2008. He gave judgment on 9 December 2008 for the Claimants on all points: [\[2008\] EWHC 3032 \(Ch\)](#). He gave permission to appeal on all points other than findings of primary fact, and though he granted injunctions he stayed their effect on terms pending the appeal. As regards monetary remedies, the Claimants have elected for an account of profits, and the taking of the account is under way.

8.

On the appeal, Mr Thorley Q.C. for the appellants put his arguments about passing-off at the forefront of his case. He argued that the passing-off claim cannot be made out because the parties (he said) enjoy concurrent goodwill (together also with the owners of Locanda Cipriani and Hotel Villa Cipriani) in the mark Cipriani in respect of restaurants in this jurisdiction. The Defendants also challenge the factual findings of the judge, though only as regards his failure to draw inferences in their favour in certain respects, corresponding, it is said, to inferences which he did draw in favour of the First Claimant.

The relevant facts

9.

I must first introduce the various relevant undertakings. For the most part I will do so in historical sequence.

10.

Signor Giuseppe Cipriani the elder (grandfather of the Second Defendant), to whom I will refer as Giuseppe Senior, opened a bar in Venice called Harry’s Bar. The idea had been suggested to him by an American, Harry Pickering, who had borrowed some money from Giuseppe Senior. When he repaid it, with an additional sum by way of thanks, he proposed that the money be used to open a bar. Premises were found (part of those still used) and the bar was opened in May 1931. The name was taken from Mr Pickering’s first name. (Giuseppe Senior’s son’s first name, Arrigo, was taken from that of Mr Pickering as well. I will refer to him as Arrigo. He is the father of the Second Defendant, Giuseppe.) Soon afterwards, Giuseppe Senior bought out Mr Pickering’s interest, and he ran it as a sole trader. Arrigo took over the management of Harry’s Bar in 1957. In 1960 it was extended to a second floor and became more of a restaurant than a bar. In 1972 Arrigo Cipriani SpA was established to operate Harry’s Bar. In 1998 that company was absorbed by merger into Cipriani SpA.

11.

Associated with Harry's Bar is a logo consisting of a stylised drawing of a bar tender pouring out three cocktails.

12.

Harry's Bar has, or had, two related ventures in Venice, which it is convenient to mention now, out of chronological sequence. On the Giudecca there is another bar and restaurant called Harry's Dolci, opened by Arrigo in 1983. Between 1986 and 2003, Arrigo also operated a café at the Palazzo Grassi, as an adjunct to the exhibitions put on there. It was known as Caffetteria di Palazzo Grassi dell' Harry's Bar, or just as the Caffetteria di Palazzo Grassi.

13.

In 1938 Giuseppe Senior bought an old inn on the island of Torcello, and renamed it Locanda Cipriani. After the war it was developed into a hotel with six rooms and a restaurant with a garden. It became popular and well-known. In 1972 Giuseppe Senior and Arrigo sold Locanda Cipriani to a company (SFIP) which belonged to Arrigo's sister Carla and her husband Giovanni Brass. Although, therefore, members of the Cipriani family are still involved, its ownership is quite distinct from that of Harry's Bar.

14.

In 1953 Giuseppe Senior bought some undeveloped land on the Giudecca in Venice. He planned to open a hotel there and, some time later, he mentioned this plan to Lord Iveagh, who was dining at Harry's Bar. This led to the First Claimant being set up, then called Hotel Cipriani SpA, in 1956, owned at that time as to 40% by Giuseppe Senior and 60% by Pattondale Ltd, a nominee for the Guinness family. The hotel opened for business in March 1958. Giuseppe Senior managed it until 1959 when he became chairman. Arrigo was a director from 1958 to 1967. The share capital was increased from time to time as a result of which, by 1966, Giuseppe Senior's holding was 13.33%. Pattondale Ltd's holding was transferred to another company, Stondon Ondale and Patmore Company Ltd (SOP). In 1967 Giuseppe Senior sold his shareholding to SOP by an agreement which I will mention later.

15.

Following the successful opening of the Hotel Cipriani, Lord Iveagh asked Giuseppe Senior to run a small hotel which he owned in Asolo, a hill town some way northwest of Venice. It was redeveloped and opened under the name Hotel Villa Cipriani in 1962. In 1975 the Guinness family sold it to the CIGA hotel group, and later it was sold to the Starwood hotel group who now run it as part of the Sheraton chain.

16.

Arrigo started a Cipriani catering business which is or has been active in and around Venice since the late 1980's. He also set up a food production business under the name Cipriani in the mid 1980's, making a variety of products, above all pasta and pasta sauces. Since 1988 it has been operated by Cipriani Industria Srl.

17.

Since 1985 there have been several restaurants in New York under the Cipriani name, operated through a number of corporate entities by Arrigo and Giuseppe. Harry Cipriani opened in 1985, ran until 1987 and then reopened in 1991. Bellini by Cipriani opened in 1987 and ran for 5 years. Cipriani Downtown opened in 1996. Cipriani 42nd Street opened in 1998. Cipriani Dolci and Cipriani Sutton opened in 2002. Cipriani 23rd Street opened in 2004, Cipriani Wall Street in 2006 and Cipriani Club

55 in 2007. In addition, Arrigo and Giuseppe took over the Rainbow Room restaurant in 1998 or later, which is sometimes called Rainbow by Cipriani.

18.

There is a restaurant in Sardinia called Cipriani Porto Cervo, which opened in 2000, and is owned as to a half share by Arrigo and Giuseppe. It forms part of an exclusive club called the Billionnaire Club.

19.

There is also a private members' club in Hong Kong called Cipriani Hong Kong, which opened in 2003.

20.

The Second and Third Claimants own and operate restaurants at hotels in Lisbon and Madeira, called respectively Ristorante Hotel Cipriani and Ristorante Villa Cipriani.

21.

The Restaurant, the subject of these proceedings, is to be found at 25 Davies Street in Mayfair. The formal name is said to be Cipriani London but it is often referred to (by its own staff as well as by others) simply as Cipriani. It is operated by the First Defendant, which is owned as to 60% by the Third Defendant (via an intermediate wholly owned subsidiary). Its style is said to be based on that of Harry's Bar and, in that respect, to be similar to the various Cipriani restaurants in New York (other than the Rainbow Room).

22.

As I have said, Giuseppe Senior sold his interest in the hotel in Venice to the Guinness family interest. This was done by an agreement dated 21 March 1967. Clause 3 of the agreement is relevant to the issues on the appeal. In its agreed translation it was as follows ("You" means Giuseppe Senior):

"3.1. You agree that the Company may retain its current name and that the Hotel Villa Cipriani di Asolo may retain its current logo and, in general, that the Company and the Hotel Villa Cipriani will have the right to use the name 'Cipriani' on an exclusive basis, even after any participation by you or your family in the capital of the Company has come to an end, and even in the event that you or your son cease to be on the Company's board of management. You also agree to refrain, and to see to it that every member of your family refrains, for a period of five years from today, from starting new businesses with the name 'Cipriani', or new businesses that are apt to divert customers from the Company or Hotel Villa Cipriani, except with our consent. It is, however, understood that you and your successors in interest may continue to use the name 'Cipriani' for the Locanda Cipriani in Torcello.

3.2 We agree to refrain, for a period of five years from today, starting new businesses with the name 'Cipriani', except with your consent.

3.3 We agree to use our best efforts to insure that in future the current outstanding quality of services offered by the Company and the Hotel Villa Cipriani to their respective clientele is preserved."

23.

At trial there was a dispute as to the interpretation of clause 3.1, on which the judge heard expert evidence as to Italian law. The judge recorded the principal dispute between the parties, and his decision in favour of the Claimants, in his paragraphs 100 and 101, as follows:

“100. The dispute between the parties is as to the meaning and effect of the first part of clause 3.1, and in particular the words “and in general the Company and the Hotel Villa Cipriani will have the right to use the name ‘Cipriani’ on an exclusive basis”. The Defendants contend, in short, that these words merely mean that the Company and Hotel Villa Cipriani have the exclusive right to use the name Cipriani in relation to those hotels (i.e. as part of the names Hotel Cipriani and Hotel Villa Cipriani). The Claimants contend, in short, that they mean that the Company and Hotel Villa Cipriani will have the exclusive right to use the name Cipriani (meaning names including the word Cipriani) in relation to any hotel or restaurant business (subject to the permission to use the name Locanda Cipriani conferred on Giuseppe Senior by the third part of clause 3.1). Although the limitation to any hotel or restaurant business is not explicit, the Claimants say it is implicit.

101. In my judgment the Claimants’ interpretation is to be preferred. The Defendants’ interpretation is inconsistent with the fact that it is the name ‘Cipriani’ which the Company and Hotel Villa Cipriani can use on an exclusive basis, not their respective full names. Furthermore, on the Defendants’ interpretation the third part of clause 3.1 would be redundant. There is no inconsistency between this interpretation of the first part of clause 3.1 and the third part, which gives SOP additional protection during the five year period.”

24.

He held that the agreement did not give the First Claimant the exclusive right to register Cipriani as a trade mark in respect of hotel and restaurant services, not least because the agreement said nothing about trade marks as such. However, he found support for his decision as to the effect of the agreement in conferring on the First Claimant the exclusive right to use the name Cipriani in relation to hotel and restaurant businesses in the fact (admissible under Italian law) that Giuseppe Senior and Arrigo had acted in a manner consistent with it for over 30 years, at any rate within Europe.

25.

The use of the name Cipriani in relation to businesses has given rise to other litigation besides the present. The judge referred at paragraphs 72 to 75 to litigation in Venice between Arrigo Cipriani SpA and Arrigo on the one hand and SFIP on the other, initiated in 1991, which ended in the Corte di Cassazione in 2000. This has no particular relevance to the present case.

26.

In the USA, however, proceedings were brought in 1992 by the First Claimant and another associated company against Harry Cipriani Inc, Arrigo and two other companies, to invalidate the registration of the mark Harry Cipriani, which seems to have been met by a counterclaim for threatened infringement. This led to a compromise in 1997 under which each side may use the word Cipriani, but neither may use it on its own, and there are various restrictions as to the combinations which each side may use. The details do not matter. The agreement is effective throughout the USA but not beyond.

The trade marks

27.

The First Claimant is the registered proprietor of CTM number 115824, with effect from 1 April 1996, for the word Cipriani in respect of goods and services which include:

“Hotels, hotel reservation, restaurants, cafeterias, public eating places, bars, catering; delivery of drinks and beverages for immediate consumption.”

28.

It is also the registered proprietor of UK trade mark number 2435200, with effect from 11 October 2006, in respect of an almost identical specification of goods and services as for the Cipriani CTM.

29.

It also has CTM and UK registrations for Hotel Cipriani, but nothing turns on these. The trade mark infringement claim is based on the Cipriani CTM alone. The Defendants attack the validity of both the Cipriani registrations.

30.

Arrigo Cipriani SpA applied to register as CTMs in November 1997 words and devices including the bartender logo, the word Cipriani, and the words “food” and “service” respectively. The First Claimant opposed both applications, relying on its own various registrations including the Cipriani CTM. It succeeded in its opposition as regards the Cipriani Service mark, and as regards the Cipriani Food mark it was able to secure that the registration was limited to certain foodstuffs. These decisions were issued in March and April 2001.

The claims and counterclaims

The issues concerning the Cipriani CTM

31.

The First Claimant alleges breach of its rights as proprietor of the Cipriani CTM. The First Defendant is using the sign Cipriani, which is identical with the Cipriani CTM, in relation to services which are identical with some of those for which the Cipriani CTM is registered. On that basis, subject to two points, what the Defendant is doing infringes the First Claimant’s rights under article 9(1)(a) of the CTM Regulation (CTMR) (or, to give it its official name, Council Regulation of 20 December 1993 on the Community Trade Mark, 40/94/EEC). That is not in dispute. The dispute is about two issues:

i)

The Defendants challenge the validity of the registration on the absolute ground afforded by article 51(b): “where the applicant was acting in bad faith when he filed the application for the trade mark”.

ii)

Alternatively, the Defendants rely on article 12(a) of the CTMR:

“A community trade mark shall not entitle the proprietor to prohibit a third party from using in the course of trade:

(a)

his own name or address;

...

Provided he uses them in accordance with honest practices in industrial or commercial matters.”

Issues concerning the UK trade mark

32.

As regards the UK registration, on which the Claimants do not base a claim for infringement, the first issue is whether that registration too was obtained by bad faith, relying on section 3(6) of the Trade Marks Act 1994. The issue is the same as for the Cipriani CTM, though by reference to the later date of the application in 2006.

33.

Secondly, it is attacked on relative grounds under section 5(4)(a) of the 1994 Act:

“A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented-

(a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade.”

34.

The issue here is whether, in reliance on the goodwill generated by the use of the word Cipriani by the Restaurant from 2004, the First Defendant could have restrained the use by the Claimants of the same word in the UK in October 2006, the time of the application for registration. In turn that depends on whether the First Claimant could have restrained the Defendants from using the word in England by virtue of its own prior rights.

The claim under section 56

35.

Section 56 of the 1994 Act gives protection to “well-known” trade marks, whether or not registered. It gives effect to article 6bis of the Paris Convention. If the Claimants’ Cipriani mark is “well-known” for this purpose it gives a right to an injunction to restrain the use of an identical or similar trade mark in relation to identical or similar goods or services “where the use is likely to cause confusion”. It gives no right to any monetary remedy. In practice it would only be important if the First Claimant were to lose its registrations, though in theory it could be relevant if there were a defence to the injunction claim under the Cipriani CTM, such as the own name defence. There is no such defence under section 56.

Passing-off

36.

If the claim under the Cipriani CTM is effective, passing-off does not matter. However, as already mentioned, Mr Thorley began his submissions by dealing with passing-off, saying that the position in that respect lies at the heart of the issues concerning the trade marks. One of the questions arising under passing-off, where the claimant’s business is based abroad (to use a general term), is whether it has goodwill in this country, or whether it has a reputation but no goodwill. The law is not in an altogether clear or satisfactory state on that point.

Reputation and goodwill

37.

The judge had to consider whether the various undertakings had a reputation and, if so, goodwill in this country. So far as a claim by the First Claimant against the First Defendant is concerned, this is to be tested as at April 2004, when the Restaurant opened. The judge made findings as at that date and also as at April 1996, when the Cipriani CTM was registered. In what follows I will summarise the judge's findings, as well as dealing with Mr Thorley's challenges to some of them.

38.

For immediate purposes, a working description of goodwill can be taken to be the phrase used by Lord Macnaghten in *Commissioners of Inland Revenue v Muller & Co's Margarine Ltd* [1901] AC 217: "It is the attractive force which brings in custom." Whether a business based abroad has a reputation in this country is a question of fact. Absent such a reputation, it can have no goodwill. If it does have a reputation here, it is likely also to have goodwill, but that depends (speaking in very general terms for the present) on the nature and extent of any business activity which it carries out here. I will consider later the test applicable under English law as to what is required for this purpose. For the moment it is sufficient to say that, if its business is in the sale of ordinary retail goods for domestic consumption (e.g. cans of beer) it does not have goodwill here if its products are not available for sale to the public here: *Anheuser-Busch v Budejovicky Budvar NP* [1984] FSR 413 (which I will call Budweiser). How that applies to a business which supplies services, and which only does so at its own place of business abroad, is less clear; I will revert to that point.

39.

The judge held that Harry's Bar has been a famous institution with an international reputation for many years, including in the UK (paragraph 28). British travellers have long patronised Harry's Bar, though there was no evidence as to the numbers. There was no evidence of direct bookings being made from the UK (paragraph 30) at either relevant date.

40.

The position was much the same in respect of Locanda Cipriani, though its reputation was less extensive and its clientele smaller than Harry's Bar and the Hotel Cipriani: paragraphs 34 and 35.

41.

Hotel Cipriani has been world famous for many years, and has been popular with visitors from the UK. British guests accounted for approximately 30% of total room nights in the years from April 2000 to March 2007. By April 2004 the hotel and its restaurants were receiving reservations directly from the UK and it is probable that this was already the case by April 1996. It has spent large sums on marketing and public relations itself, in addition to the efforts of the Orient Express Group, in London and elsewhere (paragraphs 41, 43 and 44). Many UK consumers reading or hearing a reference to "Cipriani" in the context of hotel or restaurant services would assume this to be a reference to the hotel unless the context indicated otherwise (paragraph 45).

42.

The Hotel Villa Cipriani has had an international reputation for many years, including in the UK, though its reputation is smaller than that of Hotel Cipriani and of Harry's Bar. It has been patronised for a long time by British travellers. It is probable that direct bookings were being made from the UK by April 1996 and more so by April 2004 (paragraphs 49-50).

43.

Harry's Dolci did not have a significant reputation in the UK in 1996 or 2004, and there is no evidence of any bookings for it made from the UK (paragraph 53). Likewise the Caffetteria at Palazzo Grassi did not have an international reputation in 1996, and by 2004 it had closed (paragraph 59).

44.

Cipriani Catering was established by Arrigo in Venice at some time between 1984 and 1989, but it had no reputation in the UK in 1996 or 2004 (paragraph 54).

45.

Some of the products of the Cipriani food production business have been distributed in the UK since the early 1990s. The products had a good but not extensive reputation in the UK in 1996 and in 2004 (paragraphs 55-6).

46.

As regards the Cipriani restaurants in New York, the judge said that they had been popular with international celebrities at least since 2000, and this led to exposure in the British media and to a reputation in the UK, the extent of which he found difficult to judge. He said there was no evidence of their having been patronised by significant numbers of British tourists by April 2004 and still less by April 1996, nor was there any evidence of direct bookings from the UK (paragraph 61).

47.

Mr Thorley submitted that the judge had been wrong not to infer that there had been direct bookings from the UK for Harry's Bar (in 1996 and 2004) and for some or all of the Cipriani restaurants in New York (at both dates), when he was able to infer such bookings in relation to Hotel Cipriani by 1996. I reject that submission. As regards the Hotel Cipriani, first, he had evidence that in April 2004 there had been such direct bookings for some time past, and that the hotel had been popular with visitors from the UK for a long time. There was therefore a direct evidential basis from which he could draw an inference that this had already been the case by April 1996, as he also did in respect of Hotel Villa Cipriani. Secondly, it seems more likely that there would be direct bookings from abroad for a hotel than for a restaurant. By contrast, as regards Harry's Bar and as regards the Cipriani restaurants in New York, there was no actual evidence of direct bookings by telephone or otherwise from abroad at either relevant date, and as it seems to me no particular reason to infer that there would have been such bookings. The only evidence adduced in this respect was evidence of the exposure of the New York restaurants in the media - in the Financial Times columns as to where to go in New York, and otherwise in celebrity publications, mostly dating from after the date which is relevant for these proceedings.

48.

Mr Thorley also relied on the use of the name Cipriani by Harry's Bar and related establishments in Venice, as well as the connection with the family which he said was well-known. Thus, the windows of Harry's Bar had for years had the name Harry's Bar printed or etched on them, but in about 2000 the name Cipriani and the bar tender logo were added. Already much earlier, from about 1989, bills issued to customers at Harry's Dolci, and probably at Harry's Bar as well, were headed with the logo, the word Cipriani in a box, a reference to Harry's Bar (or Harry's Dolci, as the case may be) and the name and details of Arrigo Cipriani Srl, and with names, addresses and telephone numbers of other Cipriani enterprises including Cipriani Catering.

49.

The Restaurant has the words Cipriani London on the windows, but the former word is above, and in a noticeably larger font than, the latter. The same usage appears on the Restaurant's stationery, usually accompanied by the bar tender logo. In some cases, such as the doormat, menu cover and wine list cover, the word Cipriani appears on its own. The telephone is often answered "Cipriani", and according to the evidence the Restaurant is generally known as Cipriani. Publicity for it often

mentions the link with the Cipriani family and with Harry's Bar. The Restaurant has been successful, with a number of celebrities among its customers, and a substantial turnover.

Concurrent goodwill?

50.

Mr Thorley submitted that all of (a) Hotel Cipriani (b) Locanda Cipriani (c) Hotel Villa Cipriani (d) Harry's Bar and (e) the Cipriani restaurants in New York had a reputation in the UK in April 2004 by reference to the name Cipriani, and that accordingly there was a concurrent reputation in that name as regards hotels and restaurants.

51.

The judge held that the use of the name Cipriani by the Restaurant was likely to mislead a substantial number of members of the public into believing that the Restaurant was run by, or connected in the course of business with, the Hotel Cipriani (paragraph 225). He rejected the case based on concurrent goodwill on the facts at paragraph 232. By April 2004 the only restaurant in Europe which was run under the Cipriani name (outside Venice) was that in Sardinia which had no reputation in the UK, let alone goodwill. The New York restaurants had some reputation in the UK but no substantial goodwill had been proved in respect of them. He did not mention Harry's Bar in this context, but it seems clear that he regarded that establishment as having a reputation in the name Harry's Bar, but not in the word Cipriani, despite an awareness of the family connection. He did not find that it had goodwill in the UK. As I have indicated above, I do not accept Mr Thorley's challenge to his failure to make such a finding by inference as to the facts and accordingly, subject to the legal issue to which I will come later, I will deal with the case on the footing that the goodwill of Hotel Cipriani in England is exclusive as against the Defendants, even though it is not, or may not be, exclusive as against Hotel Villa Cipriani or Locanda Cipriani.

Is the Cipriani CTM invalid as having been applied for in bad faith?

52.

If an application to register a CTM is made in bad faith, then under article 51(1)(b) of the CTMR the registration is to be declared invalid. Since the date of the judge's judgment, the ECJ has clarified the law in this respect by its decision in *Chocoladenfabriken Lindt & Sprüngli AG v Franz Hauswirth GmbH* Case C-529/07. Attention is to be focussed on the position at the time of the application for registration, and the intention and state of mind of the applicant at that time, although they are subjective factors, are to be determined by reference to the objective circumstances of the particular case. In that case the registered mark consisted of the shape of a fairly commonplace product, an Easter bunny, of a kind which many producers had made and sold in Germany and Austria for years. Whereas previously Lindt had proceeded under national law against others who made an identical product, after the registration of the mark it began to take legal proceedings against those whose products, though not identical, were similar so that there was a likelihood of confusion. The court regarded it as relevant that a third party had long used a sign for an identical or similar product capable of being confused with the mark applied for, and that that sign enjoyed some degree of legal protection. In such a case the applicant's aim in obtaining registration might be to compete unfairly with a competitor who is using a sign which had gained some degree of legal protection. The court also regarded it as relevant that the registered mark consisted of the entire shape and presentation of the product, that being restricted for technical or commercial reasons (in respect of which it no doubt had in mind, for example, the essential shape of a rabbit or a hare), so that the registration, if valid,

would prevent competitors not only from using a particular sign but also from marketing similar products at all.

53.

The court's answer to the referred questions was as follows:

“Having regard to all the foregoing, the answer to the questions referred is that, in order to determine whether the applicant is acting in bad faith within the meaning of Article 51(1)(b) of Regulation No 40/94, the national court must take into consideration all the relevant factors specific to the particular case which pertained at the time of filing the application for registration of the sign as a Community trade mark, in particular:

- the fact that the applicant knows or must know that a third party is using, in at least one Member State, an identical or similar sign for an identical or similar product capable of being confused with the sign for which registration is sought;
- the applicant's intention to prevent that third party from continuing to use such a sign; and
- the degree of legal protection enjoyed by the third party's sign and by the sign for which registration is sought.”

54.

Mr Thorley's essential case on bad faith was that the First Claimant knew in April 1996, at the time of the application to register the Cipriani CTM, that the Cipriani mark had a shared reputation extending to the Cipriani family and group, the latter being itself entitled to some degree of legal protection, and that the effect of the registration would be to impede the ability of the concurrent user to exploit his share of the reputation. As regards legal protection under national law, he relied on his arguments about passing-off, pursuant to which he argued that the Cipriani group of companies would have been able to restrain third parties from using the Cipriani mark in relation to hotels or restaurants, just as much as the First Claimant could have done.

55.

Testing the position as at April 1996, and in relation to the European Community, what is noteworthy is that there was at that time no use of the mark Cipriani in relation to hotels or restaurants in Europe other than by the First Claimant, the Hotel Villa Cipriani and the Locanda Cipriani. There has not been, and as it seems to me there could not be, a suggestion that the registration precluded the Hotel Villa Cipriani or the Locanda Cipriani from continuing to use their names. As regards Locanda Cipriani, the right to use the name was recognised in terms in the 1967 agreement. No doubt there was an express or implied term of the same kind when the Hotel Villa Cipriani was sold to the CIGA group. These exceptions to the First Claimant's exclusivity prove nothing in favour of the Defendants. In 1996 the Cipriani family were still acting in conformity with the 1967 agreement, at any rate within Europe, by not using the name Cipriani for hotels or restaurants. That being so, it seems to me that the objection on the basis of bad faith does not get off the ground. The Cipriani family were not using the mark in Europe in a way which the Cipriani CTM registration would pre-empt. There is therefore no particular reason to suppose that the First Claimant's intentions in applying for registration included any intention to prevent the Cipriani family from using the mark. Even if there was any such intention, the registration would not prevent them from continuing to use a sign which they were

already using in Europe, because in fact they were not then using it. None of the establishments operated by the Cipriani group in Europe at that time used Cipriani as part of the name. It was not until later that the word Cipriani was added prominently to the windows of Harry's Bar. The word Cipriani appeared on bills at Harry's Bar and Harry's Dolci, but that cannot be regarded as significant in the context. Although it was known to the First Claimant, at any rate as regards use by Harry's Dolci in 1989, it was not at all prominent. Nor has there been any attempt to stop that particular practice since 1996 on the basis of the Cipriani CTM.

56.

With the benefit of the ECJ's judgment on article 51(1)(b), and of the judge's findings of fact and my rejection of the appellants' challenge to those findings, it seems to me that it is possible for this court to deal with this issue more straightforwardly than the judge did. His treatment of the topic at paragraphs 165 to 202 was comprehensive and thorough, providing for a number of possible outcomes on the facts. For my part I agree with him that the application was not made in bad faith and that the registration is therefore valid. My reasons are that when the registration was applied for there was no other significant use of the word Cipriani (other than by Hotel Villa Cipriani and Locanda Cipriani, which are special cases and irrelevant) as a trade mark in relation to hotels or restaurants in Europe, and the Cipriani group did not have any right to use that word in that way which would have been entitled to any degree of local legal protection. The Cipriani family had agreed in 1967 not to use the name Cipriani for hotels or restaurants, and in 1996 they were still abiding by that agreement in Europe. Accordingly there was neither any use of the mark, nor any apparent right to use the mark, with which the registration was incompatible.

57.

The Cipriani CTM is therefore valid, and the next question is whether it is infringed by the First Defendant. That turns on article 12(a): the "own name" defence.

The "own name" defence to infringement of the Cipriani CTM

58.

A CTM does not entitle the proprietor to prohibit a third party from using in the course of trade his own name or address, provided that the third party uses them in accordance with honest practices in industrial or commercial matters: see article 12(a) of the CTMR. The Defendants contend that the use of the name Cipriani for the Restaurant constitutes the use by the First Defendant of "his own name", and is therefore covered by this defence. Two questions arise: is the use that of the First Defendant's "own name", and if so is it in accordance with honest practices?

What is a person's "own name"?

59.

A legal person may use the defence, just as much as a natural person, and it is common ground that omission of a word such as "limited" does not matter for this purpose. However, leaving that aside, the "name" of the First Defendant is "Cipriani (Grosvenor Street)", and that is not the name used in the course of trade as the name of the Restaurant, which is formally Cipriani London and informally Cipriani. The First Claimant seeks to restrain the use of both Cipriani and Cipriani London, so the question is whether the First Defendant can only rely on the defence in relation to its corporate name, Cipriani Grosvenor Street, or whether it can rely on it as regards a trading name, and if the latter, whether this applies both to Cipriani London and to Cipriani by itself.

60.

In relation to this argument, it is necessary to consider two decisions of the Court of Appeal and a subsequent decision of the ECJ. The latter was concerned with the corresponding provision in article 6 of the Trade Marks Directive then in force (First Council Directive of 21 December 1988 to approximate the laws of the Member States relating to trade marks, 89/104/EEC), and the former with section 11(2)(a) of the Trade Marks Act, which gave effect to the Directive, but the provisions are equivalent and the decisions are authoritative in relation to the CTMR.

61.

The first of the Court of Appeal decisions is *Asprey & Garrard Ltd v WRA (Guns) Ltd* [2001] EWCA Civ 1499. In that case Mr William R Asprey, a former employee of the claimant (who was the second defendant in the proceedings), established a company, the first defendant, of which he owned 70%. That company operated a retail business selling luxury goods, trading under the name William R Asprey Esq. The claimant sued for passing-off and for infringement of its registered trade mark for the word Asprey. Jacob J granted summary judgment and the Court of Appeal, in substance, dismissed the appeal. The court considered an “own name” defence to passing-off and rejected it, and later rejected the same defence to trade mark infringement for the same reasons. Peter Gibson LJ said at paragraph 49 that the defence was not available to the first defendant “as it is not using its own name”. He had already said at paragraph 42 (in the context of passing-off): “The fact that it has chosen to adopt the trading name of William R Asprey Esq. does not enable it to rely on the own name defence”. Nor was it available to the second defendant because he was not trading at all. At paragraph 43 of the judgment he said this about the defence:

“As the judge said, the defence has never been held to apply to names of new companies as otherwise a route to piracy would be obvious. For the same reason a trade name, other than its own name, newly adopted by a company, cannot avail it. Further, as the judge also pointed out, because a company can choose to adopt any trading name, there could be an own name defence in almost every case if Mr Bloch were right. In my judgment he is not.”

62.

Chadwick LJ and Kay LJ agreed.

63.

Six months later Chadwick LJ had to consider section 11(2)(a) again, in *Premier Luggage & Bags Ltd v Premier Co (UK) Ltd* [2002] EWCA Civ 387. The claimant had a registered trade mark “Premier” in respect of many kinds of luggage and used that extensively as the brand name for the luggage which it sold. The defendant had been a dormant subsidiary of a company called Premier plc, another subsidiary of which, Premier Decorations Ltd, had carried on business importing other products and selling them as a wholesaler to national retailers. The defendant was acquired to be used for importing luggage and travel goods, to be sold to the same retailers. It had a trade mark “pcl” in respect of various kinds of items of luggage. It had a management relationship with Premier Decorations, which provided services to it, including the services of its own sales staff. Its luggage products were similar to those of the claimant, but they carried the pcl logo, and swing tags as well as brochures and stationery carried the full correct name of the defendant. The defendant’s use of its full name was held to be within section 11(1)(a) and therefore not an infringement of the trade mark. That did not apply to sales staff introducing themselves as being from “Premier”, “Premier Luggage” or “Premier Luggage Company”. Chadwick LJ said at paragraph 44 that the own name defence did not

apply because the name used was not the name of the defendant company, but an abbreviation or adaptation of that name. The other members of the court agreed with Chadwick LJ.

64.

Mr Purvis Q.C., for the Respondents, submitted that these two decisions, both of which are binding on us, show that the only phrase for which the First Defendant could avail itself of the own name defence is "Cipriani Grosvenor Street", because anything else is not the name of the company. Arnold J held that the own name defence was not available to a company in respect of any name other than its true corporate name, and that a trade name would not qualify for this purpose.

65.

The Premier Luggage case decided that The Premier Company (UK) Ltd could not use Premier, Premier Luggage or the Premier Luggage Company with impunity under section 11(1)(a) because these were abbreviations or adaptations of the company's name. There was no indication that it had adopted any of these words or phrases as a trading name, in the way in which WRA (Guns) Ltd had adopted the trading name William R Asprey Esq. It was not a case of a company which had both a formal name and a separate trading name, and sought to use the latter rather than the former. Therefore it does not seem to me that this case is authority to the effect that a company which does have a separate trading name cannot defend the use of that under section 11(1)(a) or, in the case of the CTMR, article 12(a).

66.

In Asprey & Garrard, however, the question did arise of a separate trading name, adopted by a newly formed company so as to be applied to a new business. Mr Purvis' submission is that Peter Gibson LJ's words in his paragraph 49 (see paragraph [61] above) amount to a decision that a company can only rely on the defence in respect of its correct corporate name. I do not agree that the decision goes so far as that. I note that in paragraph 43, also quoted above, Peter Gibson LJ said that a trade name "newly adopted by a company" would not suffice. That suggests that if the company's trade name had not been newly adopted, but had been used in business for some time, the defence might be available. If so, the rule that a company can only rely on its corporate name is not absolute. It seems to me that this is, and ought to be, correct. By comparison, in principle an individual ought to be able to use the defence in relation to an adopted name by which he or she is known for business purposes or generally, for example an actor's stage name or a writer's nom de plume. That being so, I find it difficult to see why a corporate entity should not be able to do so, if it can show that it uses a distinct name for trading purposes. To take one example, a company, even a newly formed company, might acquire an existing business carried on under a trade name and wish to carry it on under the same name. I do not see why it should not do so, nor why, if it did so, that trading name should not be eligible for the protection of article 12(a).

67.

On the other hand, just as an individual could not justify using a trading name newly adopted which conflicted with a registered trade mark, nor could a company do so, any more than a company could justify trading under a changed corporate name which produced such a conflict, and an individual could not achieve the same by changing his name by deed poll. It seems to me that the explanation for the difference is that using an established trading name may well satisfy the test of honest use, whereas to adopt a new corporate or trading name for a new business which conflicts with an existing registered trade mark is unlikely to do so. That seems to me to be the correct basis for the decision in Asprey & Garrard, by which Peter Gibson LJ's observations in paragraphs 43 and 49 can stand together, permitting the possibility of an established trading name which might allow successful use of

the defence, whereas a brand new corporate name or trading name would not do so, and certainly did not on the facts of that case. It can be said that what Peter Gibson LJ said about “own name” at paragraphs 42 to 43 was in the context of passing-off rather than of trade marks, and he did not in terms refer back at paragraph 49 to what he had said about the “own name” defence earlier in his judgment. Nevertheless it seems to me that what he said at paragraph 43 is of obvious application to the trade mark infringement defence, and it would be over-technical to treat it as not constituting part of his reasoning in relation to the own name defence as regards trade marks.

68.

In *Reed Executive plc v Reed Business Information Ltd* [2004] EWCA Civ 159 at paragraph 116(iii) Jacob LJ made much the same point in relation to the name of a newly formed company:

“Any fear that dishonest people might form companies with misleading names so as to take advantage of the defence is easily removed by the use of the proviso - such a deliberate attempt to avail oneself of another’s mark would not be an honest practice”.

69.

That confirms my view that the mischief of a misleading name, whether a corporate name or a trade name, is to be dealt with by reference to the proviso, not by a rigid rule that a trade name cannot be an “own name” for this purpose.

70.

Mr Thorley submitted that the relevance of a trading name is established by the recent decision of the ECJ in *Céline Sarl v Céline SA* Case C-17/06 [2007] ECR I-7041. In that case Céline SA was set up as a company before 1945, carried on business in Paris creating and marketing clothes and accessories, and had a French registered trade mark Céline for clothes and shoes. Céline Sarl was set up in 1992 as successor to a business selling clothing and accessories which had been run (by an individual) under the name Céline in Nancy since 1950. It used the word Céline to designate the business and the shop, not in relation to any particular products. Céline SA brought proceedings against Céline Sarl, including for trade mark infringement. The French court referred to the ECJ a question as to whether the use by a third party without authorisation as a trade name or shop sign of a word registered as a trade mark amounted to use of that mark in the course of trade which the proprietor is entitled to stop by reason of his trade mark rights. The court answered that question (which does not bear on the present case) but it went on to provide the answer to another question which had not in terms been referred, namely as to the interpretation of the “own name” provision in the Trade Mark Directive, article 6(1)(a). No question arose in that case of the use of a name other than that of the trader in question (omitting the suffix SA). The court’s judgment therefore was not directed to any question that might arise as to what could count as the third party’s “own name”. In its judgment the court said this at paragraphs 33 to 36:

“33. The Court has held that the condition stated in Article 6(1) of the directive that use be ‘in accordance with honest practices in industrial or commercial matters’ is, in essence, an expression of the duty to act fairly in relation to the legitimate interests of the trade-mark proprietor (*Anheuser-Busch*, Case C-245/02, [2004] ECR I-10989, paragraph 82).

34. In that regard, it must be noted that, in assessing whether the condition of honest practice is satisfied, account must be taken first of the extent to which the use of the

third party's name is understood by the relevant public, or at least a significant section of that public, as indicating a link between the third party's goods or services and the trade-mark proprietor or a person authorised to use the trade mark, and secondly of the extent to which the third party ought to have been aware of that. Another factor to be taken into account when making the assessment is whether the trade mark concerned enjoys a certain reputation in the Member State in which it is registered and its protection is sought, from which the third party might profit in marketing his goods or services (Anheuser-Busch, paragraph 83).

35. It is for the national court to carry out an overall assessment of all the relevant circumstances in order to assess, more specifically, whether Céline SARL can be regarded as unfairly competing with Céline SA (see, to that effect, Anheuser-Busch, paragraph 84).

36. In the light of all of the above considerations, the answer to the question referred must be that the unauthorised use by a third party of a company name, trade name or shop name which is identical to an earlier mark in connection with the marketing of goods which are identical to those in relation to which that mark was registered constitutes use which the proprietor of that mark is entitled to prevent in accordance with Article 5(1)(a) of the directive, where the use is in relation to goods in such a way as to affect or be liable to affect the functions of the mark.

Should that be the case, Article 6(1)(a) of the directive can operate as a bar to such use being prevented only if the use by the third party of his company name or trade name is in accordance with honest practices in industrial or commercial matters."

71.

It does not seem to me that these observations provide any assistance, even indirect, as to what does or does not amount to an "own name" in the present context, even though the court did, at paragraph 21, refer to the distinction between a company name and a trade or shop name.

72.

In my judgment, the article 12(a) defence may be available in respect of a trading name, as well as the corporate name of a company, but it will depend on (a) what the trading name is that has been adopted, (b) in what circumstances it has been adopted and (c), depending on the relevant circumstances, whether the use is in accordance with honest practices.

73.

On the facts of the present case the defendants need to justify the use of the word Cipriani by itself, as well as that of Cipriani London. The evidence and the overt acts showed that the trading name adopted was Cipriani London. However, the staff did not keep rigorously to that name. They used Cipriani on its own, and no steps were taken, even after the Claimants' objection, to prevent or correct the use of the abbreviation by third parties, in the media or otherwise. Thus, even assuming that the First Defendant is to be taken to have adopted Cipriani London as a trading name which might qualify as its "own name" for this purpose, that does not entitle it to treat the abbreviation Cipriani, by itself, as its "own name", any more than Premier Co (UK) Ltd had adopted Premier, by itself, as a trading name.

Use in accordance with honest practices

74.

The Defendants criticised the judge's reasons for holding that the First Defendant's use of the name Cipriani, or Cipriani London, even if it had been its "own name" (contrary to his primary decision), was not in accordance with honest practices. Several of their criticisms were based on their prior argument about concurrent user. Since I do not accept that argument, these criticisms are not apposite. Thus, while the Defendants accept that knowledge of the Cipriani CTM is a relevant factor (though generally, even absent actual knowledge such as was found as a fact here, knowledge would be imputed), they argued that the third party would be aware of the proprietor's mark but might well believe that he has the right to use the mark as well. They also criticised the judge's reference to the likelihood that the proprietor would object as being relevant, on the basis that the objection may be unjustified or too broad. This would not (normally) be a determinative factor, but I cannot accept that it is irrelevant. Here, the proposed use of the name Cipriani (with or without London) for the Restaurant was an infringement of the clearest kind of the Cipriani CTM, within article 9(1)(a) - the identical mark for identical services. (It was therefore a quite different order of use from putting the word Cipriani on bills issued by Harry's Bar or Harry's Dolci, for example, and much more obviously open to objection. The nature of the use which constitutes the alleged infringement is plainly relevant, as the judge held at paragraph 158.) The likely objection would not be too broad nor would it be unjustified, subject only to the question of the own name defence. As regards prior use of the Cipriani mark in Europe (use in New York being irrelevant to a CTM), there had only been the limited use in connection with Harry's Bar and its associated businesses, including putting the word on the windows, and the exclusive restaurant, in effect private and to all intents and purposes unknown in the UK, in Sardinia. The absence, or virtual absence, of such use in Europe at least was consistent with the obligations undertaken under the 1967 agreement.

75.

Equally, the Defendants' objections to the judge's reasoning based on the likelihood of confusion depend on the premise that, first, the judge was wrong to find that the Hotel Cipriani had an exclusive reputation in the UK in relation to the name Cipriani for hotels and restaurants in the UK, and secondly that the Cipriani Group, including the First Defendant, did have a valuable reputation in the UK which it was entitled to exploit. As I have said, I agree with the judge that the exclusivity of the First Claimant's reputation was qualified only in respect of Hotel Villa Cipriani and Locanda Cipriani, whose position is irrelevant for present purposes.

76.

More generally, Mr Thorley submitted that if the First Defendant had a defence to the passing-off claim, then it would also be able to rely on the own name defence. That cannot be correct in principle, since the own name defence is a matter of European Community law, and therefore autonomous, not dependent or (save by an extraordinary chance) coincident with any aspect of any national law which is independent of the European trade mark regime.

77.

Absent any proper basis for saying that the First Defendant, or anyone associated with it, had an existing trade reputation in the UK, or anywhere else in Europe for that matter, in the name Cipriani, it seems to me that the Defendants cannot show that their use of the word whose use is protected by the Cipriani CTM, in relation to the very services for which it is registered, qualifies for the protection of article 12(a), because their use took no account of the legitimate interests of the owner of the trade mark.

78.

In Reed (quoted above) Jacob LJ said this at paragraph 129:

“I conclude from Gerri/Kelly [Gerolsteiner Brunnen v Putsch Case C-100/02] that a man may use his own name even if there is some actual confusion with a registered trade mark. The amount of confusion which can be tolerated is a question of degree – only if objectively what he does, in all the circumstances, amounts to unfair competition, will there also be infringement. In practice there would have to be significant actual deception – mere possibilities of confusion, especially where ameliorated by other surrounding circumstances (mere aural confusion but clearly different bottles) can be within honest practices. No doubt in some cases where a man has set out to cause confusion by using his name he will be outside the defence (cf. the English passing off cases cited above) – in others he may be within it if he has taken reasonable precautions to reduce confusion. All will turn on the overall circumstances of the case.”

79.

This is not a case comparable to Gerolsteiner Brunnen. The use by the First Defendant conflicts directly with the rights of the First Claimant in relation to services identical to some of those for which the Cipriani CTM is registered, and it is used in a geographical market in which the First Claimant has a reputation and goodwill. Nor is it a case in which reasonable efforts have been made to avoid confusion. The overall circumstances of the case seem to me inconsistent with a finding of honest use.

80.

Arnold J set out ten reasons why he considered that the use did not satisfy the proviso. I have dealt with some of them already. Among the others, he referred to Arrigo as having given evidence that the choice of the name Cipriani London was intended to comply with the spirit of the agreement by which the litigation in New York was settled. The judge said that even if the use of Cipriani London was consistent with that spirit, the abbreviation Cipriani, frequently used by staff as well as customers, was not.

81.

Another point was the very limited evidence from the Defendants as to the advice they took on the point. The judge said this at paragraph 157:

“157. Fourthly, if the Defendants had taken competent legal advice, they would have been advised that there was at least a serious risk of infringement of the CTM. The Defendants have not disclosed any advice that was taken. Arrigo claimed in evidence that Giuseppe had consulted Marshall Bernstein of Robinson Brog Leinwand Greene Genovese & Gluck P.C., the Cipriani Group’s US lawyers about the use of the company name Cipriani (Grosvenor Street) before the Restaurant opened. Giuseppe was not called to substantiate this claim. It is not clear from Arrigo’s evidence that Mr Bernstein was told what the trading name of the Restaurant was intended to be, let alone that it would be called just Cipriani. So far as the evidence goes, Mr Bernstein has no expertise in European trade mark law. If he had been consulted about the trade mark position, which I doubt, he would have been bound to tell Arrigo that advice should be sought from a lawyer or attorney specialising in European trade mark law. No evidence has been

adduced that the Defendants were advised by a properly qualified person with proper instructions that they would not infringe the CTM.”

82.

Another significant factor was the last mentioned by the judge, which he expressed at paragraph 163 as follows:

“163. Finally, I do not consider that the Defendants had sufficient justification for their actions in using the name Cipriani London, and still less so the name Cipriani, given the consequences for HC and for consumers. I accept that Arrigo and Giuseppe had an eminently understandable reason for wanting to call the Restaurant by a name which included their family name. Nevertheless, this is not a strong factor in the Defendants’ favour given that, with the sole rather obscure exception of Cipriani Porto Cervo from 2000, they had not called any of their European restaurants by such a name up to that point. Indeed, their Venetian restaurants were called quite different names. The fact that many customers of those restaurants knew of the Cipriani family’s involvement in them does not alter this, nor does the increasing use over the years of Cipriani branding on bills and the like. Nor does the fact that some of the customers of the Restaurant may have been aware of the US restaurants. I am prepared to accept that Arrigo and Giuseppe subjectively believed that they were entitled to call the Restaurant Cipriani London, but I consider that they failed to take proper advice, failed properly to address their minds to the likelihood of confusion and the likelihood of damage to the reputation of Hotel Cipriani, failed properly to react to the evidence of actual confusion when it did emerge (for example, they did not take steps to ensure that the Restaurant was always referred to as Cipriani London and never as just Cipriani) and failed properly to consider the consequences for HC’s own exploitation of the CTM. I am not convinced that even subjectively they believed that they were entitled to call the Restaurant just Cipriani.”

83.

It seems to me that the judge was well entitled to come to that view, and to conclude, as he did, on the basis of the various cumulative factors which he enumerated, that the use by the First Defendant of the sign Cipriani amounted to unfair competition with the First Claimant. It could not, therefore, be justified under the proviso even if (contrary to my view already expressed) the word Cipriani was to be regarded as the First Defendant’s own name, as a trading name adopted by it. The same applied to the use of Cipriani London, which was a trading name adopted by the First Defendant and there, in my judgment, did count as its “own name” for this purpose.

84.

I also agree with the judge that the own name defence is of no assistance to the Second or the Third Defendant in respect of their accessory liability for the First Defendant’s infringement. As in *Asprey & Garrard*, neither of them is trading and therefore the question does not arise of their use of any name. The First Defendant’s use of the name protected by the Cipriani CTM has to be justified by reference to its circumstances, not those of any other person. If it is unable to resist the infringement claim by this defence, the other Defendants are liable for the consequences of its infringement, without regard to what might have been the case if either of them had been carrying on the relevant trading activities.

85.

For these reasons, although I differ from the judge in regarding a trading name as potentially protectable under article 12(a), I conclude that the judge was right to hold that the defence under article 12(a) was not made out by the Defendants, and that the Cipriani CTM was therefore infringed.

The UK trade mark

86.

The only issue as regards the UK trade mark is whether it was invalidly registered, either as having been applied for in bad faith, or because of prior rights under section 5(4)(a). The prior use is that of the Restaurant from April 2004 to October 2006 (the registration date for the UK trade mark). The First Defendant did not contend that this use gave it rights under section 5(4)(a) if it amounted to infringement of the Cipriani CTM (or passing-off). Since I have held that it did infringe the Cipriani CTM, the appeal on this point also fails.

Protection of well-known trade marks: Trade Marks Act 1994 section 56

87.

This additional protection does not matter if I am right to conclude that the use by the First Defendant of Cipriani and Cipriani London infringes the Cipriani CTM. That being so, and notwithstanding that argument was presented to us on the point as it had been before the judge, I do not need to say more than that I consider that the judge was correct to find in favour of the First Claimant on this claim, for the reasons that he gave.

Passing-off

88.

I am tempted to deal with passing-off on the same summary basis because it does not add to the relief to which the Claimants are entitled by reason of infringement of the Cipriani CTM. I will not do so, but I will not cover the point quite as fully as I would feel it necessary to do if it were the sole basis on which the Claimants could succeed.

89.

Mr Thorley contended that the Defendants were exploiting their own goodwill in the name Cipriani, not trading on that of Hotel Cipriani, and that, as regards the word Cipriani, there was concurrent reputation in April 2004. I have already referred to the question of concurrent reputation and goodwill, and to the judge's findings on reputation and goodwill. He found no goodwill in England in relation to the name Cipriani on the part of Harry's Bar or the New York restaurants, though he accepted that Harry's Bar had its own substantial reputation, and that the Cipriani restaurants in New York had some reputation in England in 2004, though it was difficult to quantify. Since, on the basis of the judge's factual findings and inferences which I accept, and on the legal basis on which he proceeded, there was no concurrent goodwill, I need not go further into the submissions made by Mr Thorley on the footing that there was concurrent goodwill. I have yet to deal with his point as to the correct legal test.

90.

For the purposes of passing-off, the question is whether, immediately before the Restaurant opened in April 2004, the First Claimant had goodwill in this country in the name Cipriani, and if so whether, as at that time, the use of the word Cipriani for a restaurant in London such as the actual Restaurant was likely to mislead a substantial number of members of the public into believing that the Restaurant was run by, or was connected in the course of trade with, the Hotel Cipriani.

91.

Arnold J held that the use of the name Cipriani by the Restaurant was likely to mislead in that way (paragraph 225). Since he also held that Hotel Cipriani had not only a reputation but also a goodwill here, and that the misrepresentation would be likely to cause damage, the ingredients of the tort of passing-off were made out.

92.

Mr Thorley challenged the judge's decision on the basis of the rule for determining whether a business based abroad which supplies services abroad has goodwill as well as a reputation here. He sought to show that, on the correct legal test, the Cipriani group businesses based in Venice (Harry's Bar) and in New York (the Cipriani restaurants) had goodwill here, so that the judge's rejection of concurrent goodwill was wrong in law.

93.

This raises an interesting and difficult point of law, on which there is considerable divergence of view as between different common law jurisdictions. It brings me to the question as to what is needed to prove that a business based abroad which has a reputation in England also has goodwill here.

94.

I do not intend to go far into the history of the law on goodwill, but I should say something about the House of Lords decision in *Commissioners of Inland Revenue v Muller & Co's Margarine Ltd* [1901] AC 217, which I have already mentioned, and which has been much cited in this area. The case concerned the liability, or not, to stamp duty of an agreement made in the UK. Under the Stamp Act 1891 an agreement made in the UK for the sale of any estate or interest in any property except lands or property locally situate out of the UK was chargeable with ad valorem stamp duty. The particular agreement was for the sale of the premises of a wholesale manufacturing business which was carried on in Germany together with the goodwill of the business, all of whose customers were in Germany. The House of Lords affirmed the decision of the Court of Appeal that the goodwill was property locally situate outside the UK. In the course of the speech most often cited, Lord Macnaghten said, at page 223-4:

"What is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation, and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start. The goodwill of a business must emanate from a particular centre or source. However widely extended or diffused its influence may be, goodwill is worth nothing unless it has power of attraction sufficient to bring customers home to the source from which it emanates."

95.

Five of the six other members of the House of Lords agreed with Lord Macnaghten. Lord Robertson's speech includes the following passage on this point:

"I do not accede to the view that the goodwill is affixed or attached to the manufactory. Supposing that the products of the manufactory were all exported to England and sold to English customers, I should find it difficult to hold that the goodwill was out of England merely because the manufactory was. The application of the words "locally situate" would then present a different question, requiring, I should think, a different answer.

Again, if the facts as to the distribution of the products were more complicated, as, for example, if the trade were diffused over England and other countries, then the location of the goodwill would be a more complex, although I do not by any means think an insoluble, problem.

I confess I find no repugnancy in affirming of the goodwill of a business that it is locally situate somewhere. It is, I should say, locally situate within the geographical limits which comprehend the seat of the trade, and the trade. That sounds like a very cautious statement, and fortunately it is enough for the present question. It seems to me that in the statute the distinction drawn is between what from a British point of view we should call British property and foreign property; and the goodwill of a business which begins and ends abroad is, I think, property locally situate outside the United Kingdom."

96.

In turn, Lord Lindley (who had no doubt had to consider the issue of goodwill in the course of his work on partnership law) said this at page 235:

"Goodwill regarded as property has no meaning except in connection with some trade, business, or calling. In that connection I understand the word to include whatever adds value to a business by reason of situation, name and reputation, connection, introduction to old customers, and agreed absence from competition, or any of these things, and there may be others which do not occur to me. In this wide sense, goodwill is inseparable from the business to which it adds value, and, in my opinion, exists where the business is carried on. Such business may be carried on in one place or country or in several, and if in several there may be several businesses, each having a goodwill of its own."

97.

Before getting to Budweiser, the principal Court of Appeal authority on the point before us, I must also mention a decision of the Privy Council on appeal from Singapore: *Star Industrial Co Ltd v Yap Kwee Kor* [1976] FSR 256. In that case the plaintiff, a company incorporated and carrying on business in Hong Kong, had manufactured toothbrushes and exported them to Singapore, mainly for re-export to Malaysia and Indonesia, but with some local sales as well. They used a characteristic get-up including the words "ACE BRAND" and a letter device. This export business was brought to an end when the Singapore government imposed import duty on toothbrushes. Since then the plaintiff had not manufactured any toothbrushes for export to Singapore, it did not carry on any business in Singapore itself, and it had no intention of resuming its former trade. The defendant formed a company with a name similar to that of the plaintiff, and commenced marketing toothbrushes under a get-up indistinguishable from that formerly used by the plaintiff except that the letter "C" in "ACE" was replaced by the letter "G." The plaintiff sued in Singapore for passing-off to restrain the defendant from using the name and get-up similar to that which the plaintiff had previously used. The claim failed at all levels.

98.

In the Privy Council Lord Diplock said this, which has been much quoted since then:

"A passing-off action is a remedy for the invasion of a right of property not in the mark, name or get-up improperly used, but in the business or goodwill likely to be injured by the misrepresentation made by passing-off one person's goods as the goods of another.

Goodwill, as the subject of proprietary rights, is incapable of subsisting by itself. It has no independent existence apart from the business to which it is attached. It is local in character and divisible; if the business is carried on in several countries a separate goodwill attaches to it in each. So when the business is abandoned in one country in which it has acquired a goodwill the goodwill in that country perishes with it although the business may continue to be carried on in other countries. (See: *Inland Revenue Commissioners v. Muller & Co.'s Margarine Ltd.* [1901] A.C. 217, per Lord Macnaghten at p. 224; per Lord Lindley at p. 235.) Once the Hong Kong Company had abandoned that part of its former business that consisted in manufacturing toothbrushes for export to and sale in Singapore it ceased to have any proprietary right in Singapore which was entitled to protection in any action for passing-off brought in the courts of that country.”

99.

Lord Diplock’s statement that if a business is carried on in several countries a separate goodwill attaches to it in each country has undoubtedly been influential in relation to later English cases. It is not, however, an exactly accurate rendering of what was said in *IRC v Muller’s Margarine*. As noted above, Lord Lindley said that there may be several businesses in different countries, each with its own goodwill. Lord Robertson envisaged that if all the sales from the German factory had been to English customers the goodwill would have been locally situate in the UK. He reserved his position as regards a case in which sales were spread over several countries. Since on the facts of that case there could be no question of the goodwill extending outside Germany, it would be surprising if the case were authority in relation to the situation where there is a significant international element to the trading and the custom.

100.

It seems to me that the decision in *Star Industrial* is entirely understandable on the facts because there was no indication of any relevant continuing business which could be entitled to protection. However, the terms of the statement by Lord Diplock seem to me to be unfortunately and unnecessarily narrow. As a decision of the Privy Council it is not formally binding on the Court of Appeal. What does bind us is previous decisions of the court itself, of which the most important for present purposes is *Budweiser*.

101.

In that case, the contest was between the makers of an American beer under that name, as plaintiffs, and the makers of a beer in Czechoslovakia at a town formerly known by the German name Budweis. The defendants first marketed their Czech beer in England in 1973. The plaintiffs tried to stop them using the name Budweiser in their marketing by a passing-off action. The defendants in turn sought an injunction to stop the plaintiffs from selling beer as Budweiser unless it was brewed by the defendants or otherwise originated from the town of Budweis. Both sides failed before Whitford J, and only the plaintiffs appealed. The judge held that each party’s product had a reputation in the UK and neither could claim that the other’s was improperly achieved. Neither made a misrepresentation by marketing its product under the name Budweiser. The defendants’ product had not been sold in the UK before 1973. The plaintiffs’ beer had been sold in the UK but only at US military service establishments, and therefore overwhelmingly to US citizens. Leaving aside the possibility of sales to a small number of UK citizens employed at US bases and to other UK citizens who might visit a base on an open day, the product was not obtainable in the UK by anyone other than US personnel.

102.

In the Court of Appeal, Oliver LJ posed the question, at [1984] FSR 462:

“How far is it an essential ingredient of a successful claim in passing-off that the plaintiff should have established in this country a business in which his goods or services are sold to the general public on the open market?”

103.

Having referred to the judge’s findings of fact, and to the argument for the defendants that the plaintiffs had no business here and therefore no goodwill in any relevant sense, he stated the question as being whether the plaintiffs’ reputation, associated with a beer which, for practical purposes, nobody could buy here, constituted a goodwill in any relevant sense (page 464). He referred to Lord Diplock’s judgment in *Star Industrial Co Ltd v Yap Kwee Kor*. He found that it did not by itself answer the question what form of activity on the part of the plaintiff is required before it can be said that he has a business here to which goodwill can attach. He referred to the decision of Walton J in *The Athletes’ Foot Marketing Associates Inc v Cobra Sports Ltd* [1980] RPC 343 where there was an awareness in England of the plaintiff’s trade name and activities in the USA, but no more than preparatory steps had been taken to set up a business here. That was held not to be an adequate basis for a passing-off claim. Oliver LJ held that the sales on US military bases could not be regarded as amounting to a business carried on in this country. The sporadic and occasional sales to UK citizens did not constitute the carrying on a business here, either. At page 469 he said

“Now Mr. Kentridge has, throughout his clear and helpful address to the court, repeatedly referred to goodwill in the words of Lord Macnaghten in the *Muller’s Margarine* case as “the attractive force which brings in custom.” But one asks oneself “what custom in this country in 1973 was brought in by the knowledge of members of the indigenous British public of the plaintiffs’ Budweiser beer?” And the answer must be that there was none, because however attractive they may have found the idea of drinking the plaintiffs’ beer, they could not get it. In so far, therefore, as anyone was misled by the defendants’ use of the name “Budweiser,” the plaintiffs could suffer no damage either by loss of sales, for there were none at that time and none were contemplated, nor by loss of reputation, because if there was any such loss (which seems highly improbable) the reputation was quite unconnected with either an ability or a willingness to supply.”

104.

Oliver LJ rejected the appeal on the ground that the plaintiffs did not, at the relevant time, have a business in this country to which goodwill could attach, and therefore they could not make out the essential ingredients of passing-off, as regards goodwill or, for that matter (for the same reason) as regards damage.

105.

The other members of the Court of Appeal, O’Connor and Dillon LJ, agreed that the plaintiffs had failed to make out the necessary ingredients of passing-off, but for slightly different reasons as between them. O’Connor LJ rejected the appeal on the ground that the introduction of the Czech beer to this country could not have any impact on the plaintiffs’ business, limited as that was to sale on US bases, and therefore would cause no damage, though he would not have treated the plaintiffs’ sales as not being to the public in the UK. Dillon LJ held that the plaintiffs could not show that at the relevant time (in 1973) they had already acquired goodwill in this country from the marketing of their beer in this country, on the basis that sales on American bases were an extension of the plaintiffs’ American market, not a market with the public in this country. He also held that the defendants’ sales would not cause any damage to the plaintiffs.

106.

It seems to me that, given the agreement between Oliver and Dillon LJJ, the case is authority for the proposition that an undertaking which seeks to establish goodwill in relation to a mark for goods cannot do so, however great may be the reputation of his mark in the UK, unless it has customers among the general public in the UK for those products. To that extent the case is binding on us.

107.

This decision and other English cases including in particular the Crazy Horse case (see paragraph [108(ii)] below) have attracted a good deal of criticism from textbook authors and in other common law jurisdictions. We were shown decisions to this effect between 1978 and 1998 from Ireland (High Court), Canada (Ontario Court of Appeal), New Zealand (Court of Appeal), Hong Kong, Australia (Federal Court), India (Delhi, Calcutta and the Supreme Court) and South Africa (Supreme Court of Appeal). They are reviewed in Kerly on Trade Marks (14th ed) at paragraphs 15-070 to 15-076 and in Wadlow on Passing-Off (3rd ed) at 3-86 to 3-103. For the purposes of this appeal, however, we cannot depart from Budweiser on any point which is within its ratio decidendi.

108.

That case has been helpfully considered in *Pete Waterman Ltd v CBS UK Ltd* [1993] EMLR 27. Before I discuss that decision, by Sir Nicolas Browne-Wilkinson VC, I will mention three older cases.

i)

The first is *Sheraton Corporation of America v Sheraton Motels Ltd* [1964] RPC 202. This was a motion to restrain passing-off, before Buckley J. The plaintiff owned, ran and promoted a chain of hotels in the USA and elsewhere, but not including any hotel in the UK. Bookings for rooms in their hotels were frequently made from the UK, through an office which the plaintiff maintained in London or via travel agencies. The defendant was a company set up in this country which intended to establish hotels here, though with none in being at the time and none in prospect for some time to come. The judge granted an interim injunction pending trial. He looked ahead to the position as it might be at trial, envisaging that the plaintiff might be able to show that it had a reputation and goodwill which would be exposed to risk from confusion between their business and that of the defendant, even though they were carrying on business in different parts of the world. He did not place specific reliance on the fact of direct bookings or on the plaintiff having an office in this country.

ii)

Next, also on motion, Pennycuik J decided *Alain Bernardin & Cie v Pavilion Properties Ltd* [1967] RPC 581, (which I call the Crazy Horse case) in which the proprietor of the Crazy Horse Saloon in Paris sought to restrain the carrying on of a business in London under the same name. The plaintiff publicised its business extensively in the UK but carried on no other activities here. The judge rejected the application for an injunction on the grounds that the plaintiff had a reputation but no goodwill, which it could not have without some business activities here other than merely placing or distributing advertising material. He distinguished *Sheraton* on the basis of the office in this country and the direct bookings, for which there was no equivalent in his case. He said at page 584:

“It may well be that the owner of a foreign hotel or restaurant acquires in this country a reputation for the name of his hotel or restaurant in the wide sense, that the travel agents or other persons to whom he sends advertisements know of his establishment. Again he may acquire a reputation in a wide sense in the sense of returning travellers speaking highly of that establishment, but it seems to me that those matters, although

they may represent reputation in some wide sense, fall far short of user in this country and are not sufficient to establish reputation in the sense material for the purpose of a passing off action. It is very clear that in such circumstances the foreign trader has not acquired anything which in law could be described as goodwill in this country.”

iii)

That decision was not followed by Graham J on an application for judgment in default (the defendant not being represented) on behalf of another Parisian establishment, in *Maxim's Ltd v Dye* [1977] FSR 364 when he granted an injunction against a restaurant in Norwich called Maxim's. The allegations in support of the claim included that the Parisian restaurant had an extensive fame and goodwill, that it is extensively patronised by persons resident in England and that there had been some direct bookings from England to reserve a table there. The judge considered the Crazy Horse case but declined to follow it. He said that the existence and extent of the plaintiff's reputation and goodwill in every case is a question of fact, however it may be proved and whatever it is based on.

109.

In *Pete Waterman Ltd*, the plaintiff was engaged in the pop music industry and claimed to be entitled to the exclusive use in this country of the name or description “The Hit Factory”. The defendant proposed to open a recording studio in London under that name under a joint venture with a New York company, *The Hit Factory Inc.*, which ran a successful recording studio in New York under that name. The plaintiff sought an injunction against passing-off. The judgment was given after the trial of the action. The judge accepted that the business of recording and running recording studios was international, that a studio may well be used in a country other than that in which the artists or the producers live, and that the New York studio had been used by producers and artists from England for many years past. However, the New York company had never had a place of business here or an agent in this country, and its services had always been rendered outside the UK.

110.

The judge held that the plaintiff had not shown that the name *The Hit Factory* was distinctive of them (page 50). However he also went on to consider what he called the Crazy Horse issue, on the premise that (a) the plaintiff had established a distinctive goodwill in the name *The Hit Factory*, but (b) that the *Hit Factory Inc* also had a trade reputation under that name in this country. He described the issue as being whether the English courts will protect the trade connection with the UK customers of non-UK traders (page 50), and he said that the problem was particularly acute with service industries. Referring to older cases, he said that the critical questions, until the Crazy Horse case, had always been (a) the use of the name in this country and (b) the presence of customers here (page 52). He pointed out that the basis of the Crazy Horse decision, that business activity other than merely advertising was necessary, was not fatal to *The Hit Factory Inc*, because that company had English customers which placed their business with it and who were invoiced in this country. He expressed the view that the distinction was too narrow. He referred to *The Athletes' Foot Marketing Associates Inc v Cobra Sports Ltd* which I have already mentioned as having been quoted with approval by Oliver LJ in *Budweiser*, and said of the relevant passage in the judgment of Walton J:

“This is a very important passage for three reasons. First, it shows that the importance of the plaintiff showing he has a business here is essentially linked to the presence of customers here. Secondly, it adverts to the possibility that in some cases the relevant area may not be limited by national boundaries.”

111.

The third reason was that it had been approved in Budweiser. He then referred to Budweiser itself, and drew from this and the other cases conclusions which he expressed as follows, at page 58:

“A. As a matter of principle, the existence of a severable English goodwill attached to a place of business in this country is not the basis of a right to complain of passing off in this country. What is necessary is for the plaintiffs to show they have a trade connection here which will normally consist of customers forming part of their goodwill, wherever that goodwill is situate, which goodwill is being invaded by the acts of the defendant in this country;

B. The approach which I have set out at A above is not open to me as there is binding authority to the effect that the basis of plaintiffs’ claim must be a goodwill locally situate in England; but

C. The presence of customers in this country is sufficient to constitute the carrying on of business here whether or not there is otherwise a place of business here and whether or not the services are provided here. Once it is found that there are customers, it is open to find that there is a business here to which the local goodwill is attached;

D. To the extent that the Crazy Horse case is authority to the contrary, I prefer not to follow it.”

112.

On that basis he held that the New York company would have been entitled to protect its name against third parties here because it had always had a significant number of customers in this country.

113.

In the present case, Arnold J reviewed the cases, including Pete Waterman, and summarised the position in six propositions of which I need only quote from the fifth and sixth:

“216. Fifthly, it is sufficient for goodwill to exist in the United Kingdom that the claimant has customers or ultimate consumers for his goods here, and for this purpose it is immaterial whether the claimant (a) has some branch here or (b) trades directly with customers here without having any physical presence in the jurisdiction (for example, by mail order) or (c) trades through intermediaries such as importers and distributors (provided that the circumstances are not such that the goodwill is owned by the intermediary) ...

217. Sixthly, in the case of claimants who provide services which are physically performed abroad, it is sufficient for goodwill to exist in the United Kingdom that the services are booked by customers from here ...”

114.

He then pointed out that Browne-Wilkinson VC had gone further, holding that it was sufficient for goodwill to exist in the UK that a foreign service provider has customers here, whether or not their business is placed directly from this country. Arnold J said that he agreed with this, but that it was not necessary to go further than his sixth proposition in order to decide the case, because there were

bookings from this country to Hotel Cipriani, both directly and via travel agents and tour operators. On that basis he held that the First Claimant had proved that it had not merely a substantial reputation but also a valuable goodwill in this jurisdiction in respect of the name Cipriani.

115.

On the judge's findings, no undertaking connected with the Cipriani family had goodwill in England in respect of the name Cipriani as applied to restaurants or hotels. Mr Thorley challenged this conclusion, but, for reasons already given, I would reject that challenge insofar as it depends on the judge's failure to draw inferences in favour of the Defendants. The judge found that the First Claimant had the goodwill necessary for a passing-off claim, but none of the Defendants did, nor did any other related entity. Whether or not either or both of Hotel Villa Cipriani and Locanda Cipriani had such goodwill is of no relevance to the contest between the parties before us.

116.

Accordingly, Mr Thorley's remaining argument on passing-off is that either the judge's finding of goodwill on the part of the First Claimant was wrong because there was no sufficient business activity or connection in this country, or his failure to find goodwill on the part of the Cipriani group was wrong because he applied the wrong legal test as regards goodwill. In that way his submissions seek to test the question of law as to what is necessary for the reputation of a business abroad and its mark to qualify as goodwill in this country in two ways: first, is what the Claimant can show sufficient? Secondly, if it is, why is that which the Defendants can show not sufficient (as the judge held)?

117.

In Budweiser in relation to sales of beer, the court regarded it as necessary that, in addition to an international reputation, there should have been significant sales of the product in this country. How does the matter stand when one is considering not goods but services? As pointed out by Wadlow in *The Law of Passing-off*, 3rd ed (2004) at paragraph 3-80, service businesses are of several different kinds. There are those, such as hotels and restaurants, and recording studios, where the service is supplied at the premises of the supplier. Others may necessarily be supplied at the premises of the customer. Others may be supplied at any suitable place where both supplier and customer are present. Yet others (including much professional advice) may not depend on location at all. The same test may not be appropriate for each kind of service, unless it is expressed at a fairly high level of generality. Wadlow proposes a test as follows:

"It is now suggested that a service business operating from a place or places abroad has customers and therefore goodwill in England to the extent that persons from England consciously seek out and make use of its services in preference to those available from competitors in England or elsewhere. So the foreign business has goodwill here if English residents are prepared to go to it (literally or figuratively) to avail themselves of its services, or if the availability of those services abroad is a material factor in their travelling to wherever the services can be acquired or experienced."

118.

That is an interesting proposition which might provide a suitable line of distinction between businesses abroad with a genuinely international reputation and clientele, on the one hand, and those which have English customers abroad, and therefore may be known of in this country, but whose reputation here does not in practice bring in significant custom from the public in England. However, it does not seem to me that it is necessary or appropriate to adopt a general principle such as that in

order to decide this appeal. Like the judge, I would hold that the First Claimant did have goodwill here on the basis that, in April 2004 (the relevant moment for passing-off) it had a substantial reputation in England and a substantial body of customers from England, in part as a result of significant marketing efforts directed at the relevant public here, and a significant volume of business was placed directly from this country, either by individual clients by telephone or the like, or via travel agents or tour operators. On that basis it seems to me clear that the international reputation of Hotel Cipriani, and the use of the mark Cipriani, was something that brought in business from England - it was an attractive force that brought in English custom - and accordingly the business had goodwill in England at the relevant time.

119.

Turning then to the Defendants and the Cipriani group, on the judge's findings the Defendants showed that Harry's Bar had a significant number of English customers, and that it had a substantial reputation in England, but not that it had a sufficient association with the mark Cipriani. That, therefore, could not justify a finding of goodwill in England in relation to the Cipriani mark.

120.

As for the New York Cipriani restaurants, despite some slight reputation in England, they failed to prove any significant English custom at the relevant time. The evidence relied on by the Defendants in this respect, to which I have referred at paragraph [47] above, was very limited and indirect, and I am not surprised that the judge found it of little assistance or persuasive weight. That too, therefore, is inadequate to show that the name Cipriani brought in any worthwhile English custom to the Cipriani restaurants in New York.

121.

It seems to me that it must be necessary to show more than this in order to establish goodwill in England for a mark used by a business based abroad for services which it supplies abroad. Therefore, whatever test might be applied to determine whether a business supplying services abroad which has a reputation in England also has goodwill in England, the Defendants do not satisfy it.

122.

Accordingly, I reject Mr Thorley's arguments both that the business activities in England on which the judge based his finding that the First Claimant had goodwill here were insufficient, so that none of the relevant enterprises had goodwill here, and also that the test to be applied should be such as to result in the Cipriani group, as well as the First Claimant, having goodwill in England.

123.

For those reasons, it seems to me that the judge was correct in his conclusion that the claim in passing-off should succeed, and in rejecting the Defendants' contention that there was not only concurrent reputation but also concurrent goodwill in this country, by which I mean England (and Wales), in the Cipriani mark at the relevant time.

124.

It is fair to say that, especially in the circumstances of the present day, with many establishments worldwide featuring on their own or shared websites, through which their services and facilities can be booked directly (or their goods can be ordered directly) from anywhere in the world, the test of direct bookings may be increasingly outmoded. It would be salutary for the test to be reviewed in an appropriate case. However, it does not seem to me that this case offers a suitable opportunity. I therefore decide the case on the basis indicated above, without wishing to prejudice an argument in a

later case that the true test may be wider, other than to the extent of my decision that, whatever the exact test may be, the Defendants do not pass it.

Disposition

125.

For the reasons given above, I would dismiss this appeal on the validity of and infringement of the Cipriani CTM, on the validity of the UK trade mark, on the claim under section 56 and on passing-off.

Lord Justice Stanley Burnton

126.

I agree. I particularly wish to endorse what Lloyd LJ has said in paragraph [124] of his judgment.

Lord Justice Jacob

127.

I also agree.